Edgar Lomax Value Fund

Market Commentary
(through 06/30/19)

We are pleased to provide an update regarding the performance of the Edgar Lomax Value Fund through June 30, 2019. 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.

It was just this past December when the long-running "bull market" looked like it might be ending, as most domestic stock indexes were careening downward. However, as the new year was about to get underway, stocks began to bounce back sharply on the back of, primarily, higher-risk "growth" stocks. This exuberance resulted from a clear shift in tone and action by the Federal Reserve, which quickly tabled its planned program of interest rate hikes and, now, is expected to start lowering them. As a consequence, large "value" stocks were broadly out of favor for practically all of the year's first half.

In 2019's second calendar quarter, the market continued the "low-quality" bias we observed in the year's first three months—resulting in "value" stocks with higher dividend yields sharply underperforming those that pay the least (or not at all). Not surprisingly, the vast majority of our selections come from the higher dividend yield portion of the value index. In this environment, the Fund's large-cap value portfolio rose 2.65% in the quarter versus S&P 500 Value and S&P 500 respective returns of 4.02% and 4.30%, **keeping the Fund's average annual total return through June 30, 2019 ahead of the value index over all three of the following periods:**

	Fund	**S&P 500 Value**	**S&P 500**	**Lipper Large Cap Value Average**
1-year	**10.56%**	**8.67%**	**10.42%**	**6.64%**
5-year	**8.90%**	**7.92%**	**10.71%**	**6.90%**
10-year	**13.65%**	**13.10%**	**14.70%**	**12.12%**

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 1.00%; 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 0.70% for the fiscal year ended October 31, 2018.*

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* Figures are from the Fund's prospectus dated February 28, 2019. The Advisor has contractually agreed to waive its fees and/or absorb expenses of the Fund to ensure that Net Annual Fund Operating Expenses do not exceed 0.70% (excluding acquired funds fees and expenses, interest, taxes and extraordinary expenses) through at least February 27, 2020. 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, 2020, it has no current intention of doing so.

Successful long-term investing requires one to have a good ability to evaluate basic financial facts, to understand market history and investor behavior, and to patiently (and confidently) execute their investment strategy. As "value" investors, in particular, we have experienced the discomfort of markets that seemed to deviate from sound fundamentals or rewarded—for a time—a narrow set of popular stocks. While current pockets of excess valuation may seem less extreme than, say, the internet bubble that collapsed in mid-2000, the market is nonetheless favoring a narrowing set of "growth" stocks over the vast majority of "value" names. Even if this lower-quality trend persists longer than we expect, you can be sure that we will continue to seek financially-strong, dividend-paying companies with lengthy histories of profitability, comfortable in our belief that the market should ultimately reward a portfolio containing these high-quality holdings.

We will conclude by discussing a few of the Fund's holdings, specifically those that had a substantial impact on the Fund's overall performance during the second quarter. Walt Disney shares have surged in the short term (up almost 26% in the latest quarter). Investors, we believe, are pushing the price up now in anticipation of long-term earnings success from their direct competition with the likes of Netflix (through Disney+, ESPN+ and Hulu). Our investment in Target has, once again, proven to be a good one. It's a substantial holding for sound fundamental reasons and has delivered over the short and intermediate terms. It rose almost 9% during the second quarter. Target's management is executing strongly (such as with their merchandise mix, store remodelings and e-commerce) while the economy is continuing to drive strong consumer spending. On top of all that, the shares still appear undervalued to us—with a P/E of just 15. Finally, Allstate (another of our top holdings) continues to bounce back from a sell-off in the final months of 2018. Allstate began the year with a price-to-earnings ratio of just 8, so it had a lot of upside potential from a simple return to what we view as a more reasonable valuation.

On the downside, Walgreens (another large holding of ours) had an outsized impact due to its 13% decline. The pharmacy segment in general is facing stiff headwinds in the form of downward pressure on prescription reimbursement rates to pharmacy benefits managers like Walgreens. However, this is a company with outstanding fundamentals, namely low levels of debt, a 3.3% dividend yield and a rock bottom price-to-earnings ratio of just 11.

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 June 30, 2019, the Fund held the following: 3.37% in Walt Disney, 5.21% in Target, 4.47% in Allstate and 3.44% in Walgreens Boots Alliance. The Fund owns no Netflix.

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 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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