GREEN OWL®
INTRINSIC VALUE FUND

Letter to Shareholders **October 31, 2018**

Kovitz Investment Group launched the Green Owl Intrinsic Value Fund (the Fund) with the goal of seeking long-term capital appreciation through high risk-adjusted returns. Relying on a fundamental, research-driven process, the Fund strives to build a diversified portfolio of equity investments through the purchase of competitively advantaged and financially strong companies at prices substantially less than our estimate of their intrinsic values.

As long-term investors, our research process emphasizes the appraisal of factors that we believe matter most to a business's long-term success. These include the quality of the business, the strength of the balance sheet, the predictability of the cash flows, and the ability of the management team to allocate capital intelligently and judiciously. We believe these attributes are the most reliable predictors of a company's ability to maximize intrinsic value on a per share basis.

Market and Performance Summary

For the fiscal year ending October 31, 2018, the Fund returned 1.50%. In comparison, our benchmark, the S&P 500 Index, gained 7.35% during the same period. Since inception on December 28, 2011, the Fund has compounded at a rate of 12.11% annually, versus 14.14% annually for the S&P 500 over the same time period.

In terms of stock prices, it has been a somewhat choppy year for our holdings. When it comes to growth in intrinsic value, however, it is a much different story. We are invested in what we believe are exceptionally strong businesses with sturdy moats - many of them widening. Most generate cash flow well above their capital needs allowing for generous cash returns to shareholders in the form of dividends and stock repurchases. Eventually, we think the prices of the businesses in which we own a partial interest will catch up with the growth in their value and the improvement in long-term prospects we have observed across the portfolio as we continually monitor and update our company-level assumptions.

As the share of investment assets held in passive investment vehicles (index funds/ETFs) increases, we believe engaging in forward-looking, qualitative, and quantitative analysis of business models, balance sheets, earnings, company investment cycles, and management capital allocation policies—in essence, the margin of safety assessment of upside potential and downside risks in individual stocks—becomes more valuable. Passive investors primarily look to index-level movements to drive market returns with fundamentals and valuation an afterthought. Low interest rates have set the cost of capital so low that it has made it difficult for active investors to beat the indices and for value investors to outperform growth. Increased interest rates and credit spreads will likely change this dynamic. In that context, populating portfolios with highly vetted, individual stocks selected on the basis of forward-

looking fundamental analysis drives the potential for strong, risk-adjusted returns across changing markets and unpredictable economic cycles.
Volatility, which we lamented as non-existent in these same pages last year, returned in force this past year. (By the way, volatility is stock market code for a down market. You never hear the term volatility when the market is going up.) Recent concerns have centered largely on the hawkish stance of the Federal Reserve, the impact that trade tariffs are having on the global economy and how a global economic slowdown would impact our own strengthening economy. The narrative up until this Fall had been that very little could derail the underlying strength of the U.S. economy.

Historically, the U.S. stock market has averaged at least one 15% correction per year and corrections of 5%-10% have been commonplace. To us, then, recent movements are par for the course. In fact, we welcome it as it allows us to maneuver our portfolio construction in ways that having little volatility does not. Specifically, it permits us to concentrate our holdings in our highest conviction names as well as giving us the opportunity to upgrade the quality of our portfolio. In other words, it allows us to get active again after sitting on our hands for much of the last couple of years. This is evident in the number of transactions described in our "Portfolio Activity" summary below.

In the meantime, our job is to continue to identify companies that are unappreciated by the market and whose shares are undervalued. Our bottom-up research emphasizes business quality, industry structures, growth opportunities, management skill, and corporate culture. It is further augmented by our assessment of the company's ability to sustain earnings power over economic cycles through an understanding of its competitive advantages, business model, and management's proficiency in the allocation of capital. If a company passes these qualitative screens, our risk management principles will only allow purchase if the shares are trading at a sufficient discount to our estimate of their worth.

Our approach is decidedly contrarian – avoiding recently expensive securities and favoring recently cheap securities. It may be uncomfortable in the short run, but it is a sound way to generate outperformance in the long run. Our job is to endure the emotional discomfort of deviating from the crowd, which sets the stage for our style of investing to continue to work over time. The bedrock of our philosophy is that price matters. Our shareholders would be poorly served if we chose to simply pile into whatever shares had appreciated the most over recent years, ignoring price, valuation, and underlying fundamentals. This is a time when paying calm, careful, and deliberate attention to the changing investment landscape can have a tremendous payoff.

Performance Attribution

Key Contributors to Relative Results

The individual positions that contributed the most to performance, on a dollar basis, during the year were: Apple (AAPL), Boeing (BA), Jacobs Engineering Group (JEC), Henry Schein (HSIC) and Robert Half International (RHI). On a percentage basis (excluding dividends), the top performers for

the year were: Boeing (+38%), Apple (+29%), Jacobs Engineering (+29%), Henry Schein (+22%), and Walgreens Boots Alliance (WBA, +20%).
On a sector basis, the largest contributor to relative results was the Fund's overweight position along with security selection in the Financials sector. The Fund's underweight stance in the Energy and Utilities sectors combined with security selection in Consumer Staples also contributed.

<u>Key Detractors to Relative Results</u>

The individual positions that detracted the most from performance, on a dollar basis, during the year were: Mohawk Industries (MHK), Quanta Services (PWR), Bayer (BAYZF), Naspers (NPSNY), and American Airlines (AAL). On a percentage basis (excluding dividends), the worst performers for the year were: Bayer (-41%), Mohawk (-41%), Naspers (-17%), Haliburton (HAL, -30%), and General Electric (GE, -24%).

On a sector basis, security selection in Consumer Discretionary along with underweight and security selection in Health Care detracted from the Fund's from results.

Portfolio Activity

Portfolio activity during the year included the following:

<u>Initiated positions</u> in the following 10 companies: Analog Devices (ADI), Expedia (EXPE), Facebook (FB), General Electric, Goldman Sachs (GS), Henry Schein, Mohawk, Naspers, Starbucks (SBUX), and US Foods (USFD).

<u>Increased position sizes</u> in the following 9 companies: Amerco (UHAL), American Airlines, Bayer, Carmax (KMX), CBRE Group (CBRE), CBS (CBS), Jacobs Engineering, Valmont (VMI), and Walt Disney (DIS).

<u>Exited positions</u> in the following 9 companies: Bank of New York (BK), Cheesecake Factory (CAKE), General Electric, Henry Schein, Jeffries (JEF), McKesson (MCK), Schlumberger (SLB), Technip FMC (FTI), and Wells Fargo (WFC).

<u>Decreased position sizes</u> in the following 11 companies: American Express (AXP), Apple, Bank of America (BAC), Boeing, CBRE, Halliburton (HAL), Harley Davidson (HOG), JP Morgan (JPM), Robert Half, Valmont, and Walgreens Boots Alliance.

As of October 31, 2018, the Fund's ten largest positions were: Berkshire Hathaway (BRKB), Apple, CBS, Quanta, Alphabet (GOOG), Jacobs, Carmax, General Motors (GM), AON (AON) and Mohawk.

Overall, we remain optimistic about the long-term outlook for the Fund, where the valuation of its holdings, in aggregate, is significantly lower than that of the overall market. The wide valuation disparities that characterize the current market offer significant opportunities for active management. We remain focused on the careful and patient application of our investment criteria and valuation requirements. Patience, persistence, and a long-term investment horizon are essential to long-term investment success. We encourage our shareholders to take a similar view.

Thank you for your continued support and trust in our ability to manage your investment in the Fund.

Kovitz Investment Group

The Fund was incepted on December 28, 2011. As of December 31, 2018, the one year return for the Fund was -10.69%, net of fees, compared to -4.38% for the S&P 500 Index. The five year average annual return for the Fund was 4.44%, compared to 8.49% for the S&P 500 Index. Since inception, the average annual return for the Fund was 10.37%, compared to 12.58% for the S&P 500 Index. *The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund 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 1-888-695-3729.* ***The total expense ratio is 1.35%, and the net expense ratio after fee waiver contractual through February 28, 2019 is 1.13%.*** *The capped expense ratio is 1.10%. This operating expense limitation does not apply to interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund's business, dividend expense on short sales, expenses incurred under a Rule 12b-1 plan of distribution, "acquired fund fees and expenses," and expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement.*

Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.

The S&P 500 Index is a broad market-weighted average of U.S. blue-chip companies. This index is unmanaged and investors cannot actually make investments in this index.

The views and opinions expressed in this material are of the author and may or may not be accurate over the long term. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. These opinions are current as of the date of this report but are subject to change. There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice. The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security.

Investing involves risk, including loss of principal. There is no guarantee that this, or any, investing strategy will be successful. Diversification does not ensure a profit or guarantee against loss. Investing in value stocks presents the risk that the stocks may never reach what the adviser believes are their full market values. There are no guarantees that dividend paying stocks will continue to pay dividends.

The Fund's prospectus contains important information about the Fund's investment objectives, potential risks, management fees, and charges and expenses and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 1-800-695-3729. Distributed by Unified Financial Securities, LLC.