GREEN OWL®
INTRINSIC VALUE FUND

Letter to Shareholders March 31, 2014

Dear Shareholder:

The Green Owl Intrinsic Value Fund (the "Fund") lost 0.13% in the quarter ended March 31, 2014, versus a 1.81% gain for the Standard & Poor's 500 (S&P 500). A poor quarter on a relative basis.

Fortunately, long-term outperformance is not predicated on outperforming the benchmark over every short-term interval along the way. As a matter of fact, we would go so far as to argue that an acceptance of underperformance over very short periods is what allows for consistent outperformance over more meaningful periods. This may seem counterintuitive, but attempting to outperform over short time periods means you are almost certainly basing your investment decisions on expectations of near-term stock price movements, which are largely unpredictable, rather than making decisions based on the ultimate value of the businesses underlying those stock prices.

For a concrete example of how we think about the trade-off between short-term and long-term performance, consider the activity surrounding our position in **Hertz Global Holdings (HTZ)** that took place towards the end of 2013. As part of the company's third quarter earnings release, management lowered its earnings guidance for the full fiscal year by roughly 5% due to an expectation of weaker volumes in its U.S. airport segment, and the need to reduce excess capacity of its rental fleet. The excess capacity issues were widely known, and it did not surprise us that travel would be slightly impaired given the soft economy at the time. Our analysis indicated that these were short-term issues unlikely to impair longer-term earnings power. This meant our investment thesis was still intact: that Hertz should benefit from a more rational pricing environment, given industry consolidation. From our standpoint, the next quarter was irrelevant as we felt the positive structural changes occurring in the rental car industry were likely to play out over the next several years, and the valuation of Hertz did not reflect the earnings power these changes would produce. Other market participants thought otherwise, sending the shares down 15% in a single day.

With the discount to our estimate of Hertz's intrinsic value now wider, our inclination was to buy more, which we did, making Hertz one of our ten largest positions. We weren't under any delusions that increasing our stake in a company that just disappointed Wall Street would have any beneficial impact on our performance over the next few months. We did believe, however, that the company's fundamentals would improve over the next two to three years, and our overall performance during this time period would be better off having a bigger stake in Hertz. By being more patient as to the ultimate outcome we accepted the trade-off between short and long-term performance.

The results for the Fund's complete history through March 31, 2014, along with corresponding benchmark returns, are provided on the next page. Our goal is to outperform the S&P 500, which serves as a proxy for the total U.S. equity market, over the long term. At this point in the life-cycle of the Fund, its history is relatively brief. However, we are off to a solid start in realizing this goal.

Green Owl vs. S&P 500
<u>Annualized</u> Equity Performance (Net of Fees)

	Q1 2014	1-Year	Since Inception (12/28/2011)
Green Owl	-0.13%	21.20%	23.3%
S&P 500	1.81%	21.85%	21.54%

Green Owl vs. S&P 500
<u>Cumulative</u> Equity Performance (Net of Fees)

	Q1 2014	1-Year	Since Inception (12/28/2011)
Green Owl	-0.13%	21.20%	60.56%
S&P 500	1.81%	21.85%	55.42%

The performance data quoted above represents past performance. ***Past performance is no guarantee of future results.*** *Current performance may be lower or higher than the performance data quoted. The investment return and principal value vary so that an investor's shares when redeemed may be worth more or less than the original cost. The gross total annual fund operating expense is 1.54%. The Adviser has contractually agreed to limit its fees and to assume other expenses of the Fund until February 28, 2015, so that the total annual fund operating expense does not exceed 1.10%. 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.*

Portfolio Activity

During the recently concluded quarter, we initiated three new positions, added to three current positions, trimmed two others, and sold out of one completely. Two of the three newly purchased securities are energy-related companies. Generally, we have had little exposure to this sector as many of its constituents' fortunes are inextricably tied to the whims of the oil and natural gas markets. Since we have no expertise in determining intrinsic values of non-income producing assets, such as commodities, we have found it tough to have any degree of conviction when analyzing a specific company. While not immune to the vagaries of the oil market, we believe we have found two candidates that have many other characteristics that make them attractive investments.

Buys

National Oilwell Varco (NOV)

Headquartered in Houston, Texas, National Oilwell Varco is a global manufacturer of diversified drilling and production equipment and provider of support services for the upstream oil and gas industry. In plain English, NOV provides equipment and services for oil and gas drillers. Rig technology, NOV's largest segment at about 50% of revenues, manufactures, sells, and services complete systems used throughout the life of oil and gas wells, both onshore and offshore. Drilling rigs are often the most technically sophisticated and expensive investments of a drilling operation. NOV has built a reputation as the world's leading rig manufacturer and is the market share leader in many categories.

The demand for NOV's capital equipment is dependent on the capital expenditures of oil drillers and rig operators, as well as the aftermarket environment for replacement parts, spare parts, or service requests. As oil and gas discoveries have moved farther offshore, recovering these resources has become a more complex undertaking, which we believe will benefit a technology leader such as NOV. Furthermore, the company's substantial geographic diversification will alleviate the inevitable lumpiness in regional demand. Trading at roughly 12x current year earnings, we believe downside is limited while the potential for upside is significant.

Ensco (ESV)
Ensco is a leading contractor of offshore drilling services to the global oil and gas industry. While NOV makes the rigs, Ensco purchases them and contracts with exploration companies to utilize them. The company owns and operates a fleet of 75 offshore drilling rigs (including eight under construction) with about half dedicated to deep water drilling and half that operate in shallow water. While we just stated above that we have no ability to predict future oil prices, we believe this stock, which is currently trading at only 8x current year earnings, will prove to be incredibly cheap as long as oil prices can stay above $80 per barrel (currently near $100). From a portfolio (hedge) standpoint, we take additional comfort from the fact that many of our other holdings (i.e. consumer-related) should reap substantial benefits if oil does break below $80 for an extended period of time. Ensco is also coming close to the end of a hefty investment cycle, which should increase free cash flow in coming years.

Ocwen Financial (OCN)
Ocwen is the leading servicer of subprime and Alt-A mortgages originated prior to the financial crisis and the 4th largest servicer of mortgage loans overall. Mortgage servicing consists of collecting payments from borrowers, transmitting those payments to note holders, and servicing delinquent loans by pursuing either a loan modification or foreclosure. The company has significantly expanded its portfolio of mortgage servicing rights over the last couple years in primarily two ways: through acquisitions of mortgage servicing rights from large financial institutions that are looking to scale back, or completely exit the business due to increased regulatory scrutiny and higher capital requirements; and a recent venture of its own into originating and servicing prime loans.

Ocwen is not exposed to the credit risk of the loans it services except that a delinquent loan is no longer paying the servicing fee (which is built into the mortgage rate). However, the company has established a strong track record of modifying delinquent loans with a lower rate of re-default than the rest of the industry. This, along with its onshore/offshore labor model, has provided it with a cost advantage over its competitors.

The acquisition of servicing rights by Ocwen and other non-bank servicers has drawn scrutiny from regulators who are concerned about the firms' ability to handle the increased volume. In February, the New York Superintendent of Financial Services halted a deal in which Wells Fargo & Co. agreed to sell to Ocwen the rights to service $39 billion of loans. Our belief is that as regulators gain comfort that Ocwen's focused service model is likely to produce better overall outcomes for delinquent borrowers, Ocwen will ultimately be allowed to continue growing its servicing portfolio. In the meantime, further growth from originations and reductions in delinquent loans in its existing servicing portfolio holds the potential for substantial upside from the current price with limited downside (if you find the company name a little odd, try reading it backwards).

Additions

We also used the price volatility during the quarter to add to positions currently held. These included **Bed Bath & Beyond (BBBY)**, **General Motors (GM)** and **JPMorgan Chase (JPM)**.

Sales

In the category of busted investment theses, we sold our entire position of **International Business Machines (IBM)**. Our belief had been that revenue growth had only temporarily stalled and that management's continued return of capital in the form of buybacks would see it through this tough period. We're not sure why we were so sanguine on the return of top line growth. It now seems painfully obvious that IBM faces too many headwinds which are longer-term in nature. Principally, the company seems to have missed its opportunity to be a leader in cloud hosting and storage, having ceded the advantage to Amazon and Google. The shift to the cloud not only hurts IBM's hardware sales but negatively affects its software and services revenues. Even a large investment by IBM at this point would be fruitless as Amazon and Google are content to work on very low margins, thus making an adequate return on investment a dubious prospect. Fortunately, the price at which we bought shares for our clients created such a substantial margin of safety that even though our investment thesis failed, we did not substantially impair invested capital.

Trims

In order to fund the purchase of Ocwen shares without increasing our overall exposure to the finance sector, we trimmed back two other financial services holdings, **Franklin Resources (BEN)** and **Goldman Sachs (GS)**. In our opinion, though not overvalued, both of these longer-term holdings have less potential upside than Ocwen.

The portfolio continues to be concentrated in above-average businesses, which, much to our surprise, continue to be priced at a relative discount to the "average" stock in the market. We believe our clients' holdings are generally better than average. Another advantage of these holdings, in our view, continues to be the rate at which they return cash to shareholders via share repurchases. At present, the aggregate portfolio (the Composite) is repurchasing its weighted shares outstanding at an approximate annual rate of 3.2%. This is coupled with a (Composite) dividend yield of 1.7%. In our opinion, this active return of cash combined with prices representing moderate discounts to fair value meaningfully skews the odds in favor of clients earning favorable returns over a long period of time. As always, clients should be prepared for some lumpiness in the returns.

Evolutionary Mindset

Why is it that so many investors act with a short-term mindset? Countless studies have provided evidence that strategies (particularly value-oriented strategies) focusing on longer time horizons yield substantially higher returns than those focusing on shorter periods, and that successful market timing is a fiction. Yet seeking trends in short-term price movements and overreacting to good or bad news can still be found in every corner of the investment industry. If insanity can be defined as attempting the same thing over and over, but expecting different results, can there be an explanation as to why investors continue to act irrationally?

Possibly the best clue as to why many investors behave in a manner that may not be in their best interests is found in the very way humans have evolved. Scientists currently believe that humans have been evolving for at least four million years, yet it has only been during the past 10,000 years that our ancestors, enabled by the development of agriculture, lived in complex societies. In the hunter-gatherer societies that preceded the more complex ones, survival of the fittest meant being the best at navigating the day-to-day needs for food and protection. When your daily existence depended only on finding food and keeping safe, thinking long term was an exercise that was not rewarded or even necessary. It has only been in the last 10,000 years or so that the ability to think long-term and plan for the future became an advantage.

Peter Bevelin, in his book "Seeking Wisdom: From Darwin to Munger", distills this period of human evolution into a simple, yet insightful, analogy. Bevelin offers…

> "This means that humans have spent more than 99% of their evolutionary history in the hunter-gatherer environment. If we compress 4 million years into 24 hours, and if the history of humans began at midnight, agriculture made its appearance on the scene 23 hours and 55 minutes later."

Therefore, for almost all of our current evolution, our ancestors were living moment to moment, scrounging for food and avoiding predators. Only recently (i.e. for the past "five minutes") have we progressed to the point where we're rewarded for thinking longer term and making the complex decisions that humans in modern society are confronted with every day. It would make sense then that the qualities that were beneficial for the vast majority of human existence still play a role in how we interpret and comprehend the world around us.

Whereas the human mind is wired to respond to threats second by second, the business cycle for any given company plays out over years. During periods when no new significant information on a given company emerges, investors are still bombarded by the hysterically catastrophe-minded media who tout every price fluctuation, analyst upgrade or downgrade, piece of economic or geo-political news, and market prediction as must-have intelligence. Human nature is to respond to this information. The idea that one should ignore it sounds preposterous to most investors, yet disregarding this cacophony may in fact be the best course of action. The late Louis Rukeyser, longtime "Wall Street Week" host, had investors' best interest in mind when he said, "Don't just do something; stand there."

Revolutionary Mindset

Longer-term methods are likely successful because they exploit the mistakes of the typical short-term investor. Average holding periods for U.S. stocks have compressed dramatically over the years to where they now span only three to four months. Given that there is at least a small minority of investors like us that want to hold on to stocks for reasonably long periods of time, this means that a great many stocks are held for as little as days or weeks. It follows then that the primary source of daily market price fluctuations is due to investors focused on very near-term outcomes. As trading has become dominated by this type of investor, companies' share prices and intrinsic values can materially diverge, creating opportunities to profit when price and value eventually converge. We call the process by which we attempt to exploit these inefficiencies Time

Horizon Arbitrage. It's based on our belief that while even good companies may stumble briefly, taking a longer-term view is warranted because businesses tend to build value over time, and eventually over time that value is recognized by investors.

The value of a financial asset (i.e. a stock or a bond) is the present value of the future cash flows it generates. Accordingly, value reflects three primary factors relating to these cash flows: the magnitude (how much?), the risk (how likely?), and the timing (when?). For some financial assets, the payment of these cash flows is a contractual obligation. For example, a bond is a contract between a borrower (i.e. company or government entity) and a lender/investor that specifies timely interest payments and the return of principal at maturity. Since the magnitude and timing of cash flows are set, a bond buyer only has to worry about the risk of the borrower not having the financial wherewithal to make all of these payments. Equities also derive their value from future cash flows, but are distinguished by the fact that there is no certainty as to the amount of cash earnings to distribute, nor any contractual obligation requiring the company to make specific payments to its stockholders (even dividend payments are at best a quasi-contract). As a result, a stock's value is based primarily on the *expectations* of the magnitude, risk, and timing of cash flows. The difference in expectations among investors is what creates opportunities.

As investors, we are engaged in the imperfect art of predicting the future. The very nature of this activity is fraught with risk, so our approach seeks to minimize the permanent loss of capital by selecting equity investments where we understand the business, where that business possesses sustainable competitive advantages, and where our estimate of the value of the underlying economics of the business is significantly higher than the current market price. Using this approach, even if the future turns out to be different than we imagined, the margin of safety built in to our purchase price typically helps to dampen the downside. Buying shares in good companies mired in pessimism is one way to accomplish this. Company-specific pessimism in the stock market comes in many forms, but is normally due to operating results that are below estimates, or the expectation that future results will be as such. If our analysis suggests that the diminished expectations of others are owed to short-term or transient variables in the fundamentals, then we will likely establish a position.

The crux of the Time Horizon Arbitrage is having confidence that, given time, short-term concerns will dissipate and other investors in the market will eventually arrive to offer a higher appraisal for the business in the future. Patience and conviction in our analysis are the keys to profiting from this approach. A stock can remain out of favor until evidence of better times seems so incontrovertible that speculators on near-term profitability find the stock irresistible. As Charlie Munger has stated, money is made not in the buying or selling, but in the waiting.

We are honored that our shareholders entrust their assets to this Fund. We thank you and welcome your questions and comments

As of 3/31/14, Bed Bath & Beyond 3.0%, Ensco 2.1%, Franklin Resources 1.0%, General Motors 2.7%, Goldman Sachs 0.4%, Hertz 3.3%, International Business Machines 0.0%, JP Morgan 2.9%, National Oilwell Varco 2.2%, Ocwen 1.5%,, and Wells Fargo 3.3% of the Fund's total net assets. 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.

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The Fund's prospectus contains important information about the Fund's investment objectives, potential risks, management fees, charges and expenses, and other information and should be read and considered carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 1-888-695-3729.

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