GREEN OWL®
INTRINSIC VALUE FUND

**Letter to Shareholders** **June 30, 2014**

Dear Shareholder:

The Green Owl Intrinsic Value Fund (the "Fund") gained 2.35% in the quarter ended June 30, 2014, versus a 5.23% gain for the Standard & Poor's 500 (S&P 500). For the first six months of the calendar year, the Fund has gained 2.21% while the S&P 500 is up 7.13%.

We readily admit that we haven't gotten off to a great start this year. But we also know one thing for certain: as much as we'd like to, we can't force good performance to materialize on a timetable that would be convenient for us. What we can do is stay true to our process. We have executed our strategy the same way for many years and we're hopefully getting better at it, notwithstanding this short-term performance blip.

So far this year, the market has not rewarded the outstanding businesses that we're happy to own as long-term investors. To add insult to injury, the market has rewarded businesses that we have no desire to own, such as companies growing very rapidly and selling at high valuations, or those in cyclical industries with a lot of leverage. The cost was poor relative performance in the short-term. Sometimes this trade-off is necessary in order to meet our goal of producing superior long-term risk-adjusted returns.

Our strategy is focused on purchasing discounted stocks of companies with above-average businesses, above-average balance sheets, and above-average management teams. By executing this strategy, we believe over time we should outperform a passive index, which is full of many average and below-average companies.

One's time horizon needs to be long in order to use this approach. The one stipulation for pursuing a strategy such as ours is a requirement for patience over short time periods. Because of our goals and our process, we will not beat the market every quarter. We will not beat the market every year. This is not an excuse, but a reality. We're looking at a peak-to-peak cycle and trying to protect and grow our clients' capital through the whole cycle. To accomplish this, we have to stay focused on our process and building a culture that continuously learns and improves. We would not be able to do so without outstanding clients who provide stable capital and allow us to make intelligent investment decisions based on our longer-term horizon.

The results for the Fund's complete history through June 30, 2014, along with corresponding benchmark returns, are provided below. 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. Despite poor relative performance year-to-date, we are off to a decent start in realizing this goal.

**Green Owl vs. S&P 500**
**Annualized Equity Performance (Net of Fees)**
**June 30, 2014**

| | 1-Year | 2-Year | Since Inception (12/28/2011) |
|---|---|---|---|
| **Green Owl** | 18.54% | 22.45% | 21.87% |
| **S&P 500** | 24.60% | 22.59% | 21.64% |

**Green Owl vs. S&P 500 as of June 30, 2014**
**Cumulative Equity Performance (Net of Fees)**
**June 30, 2014**

| | 1-Year | 2-Year | Since Inception (12/28/2011) |
|---|---|---|---|
| **Green Owl** | 18.54% | 49.94% | 64.33% |
| **S&P 500** | 24.60% | 50.28% | 63.55% |

*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.*

## Company Updates

The two biggest detractors from performance during the first half of the year have been **Coach (COH)** and **Bed Bath & Beyond (BBBY)**. While Coach's business has underperformed versus our expectations, Bed Bath's has not. Other investors have been concerned that Bed Bath will forever bleed market share to online competition. Declining margins have also been in focus as increased couponing, a shifting mix to lower margin consumables, and free online shipping (for orders over $49) has led to lower year-over-year margins. Also contributing to lower margins is the fact that the company has been investing heavily in its e-commerce platform, particularly in data centers and distribution centers, to shore up its omni-channel offering.

The primary job of any investor is to match valuation with expectations, meaning we are trying to determine what expectations for earnings growth are priced into the current valuation. At its current level, our analysis suggests that Bed Bath's shares are priced for declining earnings from this point forward.

We don't wish to sound Pollyannaish on the challenges facing the company, but we see many positives that inform us that the situation is not as dire as the market price implies. Bed Bath generates ample free cash flow, which allows them to make necessary investments in their business and have enough left over to return cash to shareholders in the form of share buybacks. At its current valuation, we believe buybacks are an excellent use of company funds. Its balance sheet is pristine, which means that they have tremendous flexibility in determining their fate. With interest rates as low as they are, one option would be to take on debt (they have none currently) and use those funds to repurchase even more stock. The arbitrage between the company's 9% earnings yield and our estimated cost of debt of 4% would be powerfully accretive to shareholder value. We would also not be surprised if Bed Bath attracted a private equity buyer. Companies with strong fundamentals undergoing internal change are sometimes better off undertaking their work out of the eye of the public markets, and a company like Bed Bath with no existing debt could be a tempting target.

The situation Coach finds itself in has been a little bit thornier. Near-term earnings guidance has been slashed as the company attempts to rejuvenate its brand in North America by investing in marketing, store renovations and product. The company is also reducing promotions in full-price and outlet channels while further rationalizing its retail store count. Increased competition has pushed Coach to undertake these initiatives, which leads us to believe we may have overestimated the strength of Coach's moat. While Coach works through these issues, the company will be aided by its debt-free balance sheet, which should provide some flexibility during this transition, particularly in preserving its dividend, which now provides a 4% yield on the current stock price. We have confidence that the comprehensive changes being undertaken will ultimately gain traction, but our normally long time horizon may just need to be stretched a bit further.

On the plus side, **Apple (AAPL)**, **DirecTV (DTV)** and **Walgreen (WAG)** have had strong year-to-date returns. Apple has benefitted from a turnaround in investor perceptions as iPhone sales came in above expectations and the company allocated more of its prodigious cash balance ($150 billion as of March 29, 2014) towards share repurchases. Investor fickleness aside, to us, the investment case for Apple has always been about the disconnect between its valuation and the fact that its product design creates an ecosystem of interconnected hardware and software that is difficult to leave. Its cash hoard allows the company ultimate flexibility in pursuing its goal of creating a dominant mobile platform and we are happy to own it until the valuation gap narrows further.

DirecTV moved higher as it received a takeover bid from **AT&T (T),** the potential for which was a key element of our investment thesis. Walgreen benefitted from strong sales and dialogue about its purchase of the remaining portion of English pharmacy chain Alliance Boots that has the potential for tax savings if the company reincorporates overseas.

## Portfolio Activity

As a result of the large-scale market appreciation over the last few years, the number of companies selling at attractive discounts to our estimate of their intrinsic value is not as great as it has been in recent years. We consider most equities in our universe of investable companies to be fairly valued to slightly overvalued. As such, we did not initiate any new positions in the recent quarter. We eliminated our holdings in **Johnson & Johnson (JNJ)** as the company's stock reached what we considered full value. Also, we pared back our exposure of **CVS Caremark (CVS)** and Walgreen due to appreciation towards our target ranges.

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

*As of 6/30/14, Apple 4.9%, Bed Bath & Beyond 3.2%, Coach 3.3%, CVS Caremark 3.4%, DirecTV 2.9%, Johnson & Johnson 0.0%, Walgreen 3.6% 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.*

*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.*

***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.***

*Distributed by Unified Financial Securities, Inc., 2960 North Meridian Street, Suite 300, Indianapolis, IN 46208. (Member FINRA)*