Clifford Capital Partners Fund

Quarterly Commentary – Second Quarter 2020

Performance Summary

	2nd Quarter 2020	Year-to-Date Return	1-Year Return	3-Year Return, Annualized	5-Year Return, Annualized	Total Return, Since Inception (1/30/2014)	Total Return, Annualized Since Inception
Institutional Class (CLIFX)	24.83%	-14.81%	-8.77%	1.68%	6.09%	56.51%	7.23%
Investor Class (CLFFX)	24.71%	-14.92%	-8.95%	1.48%	5.88%	54.57%	7.03%
Russell 3000® Value[1]	14.55%	-16.74%	-9.42%	1.41%	4.41%	43.05%	5.75%

	2nd Quarter 2020	Year-to-Date Return	1-Year Return	3-Year Return, Annualized	5-Year Return, Annualized	Total Return, Since Inception (10/17/2019)	Total Return, Annualized Since Inception
Super Institutional Class (CLIQX)	24.81%	-14.82%	n/a	n/a	n/a	-8.76%	n/a
Russell 3000® Value	14.55%	-16.74%	n/a	n/a	n/a	-10.46%	n/a

**Expense Ratio Gross/Net: CLIFX 1.35%/0.91%; CLFFX 1.60%/1.16%; CLIQX 1.28%/0.83%

Performance data quoted represents past performance; past performance 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 (800) 628-4077. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

**Clifford Capital Partners, LLC (the "Adviser") has contractually agreed to reduce fees and/or reimburse certain Partners Fund expenses until January 31, 2021.

Opening Thoughts

Like others in our country and around the world, we were shocked, appalled, and heartbroken at the footage of George Floyd dying at the hands of one of our nation's law enforcement officers. This tragedy has led to important—and sometimes uncomfortable—conversations about racial inequities and the injustices that black people and other people of color in our country have faced for far too long. At Clifford Capital, we have committed ourselves to listening, learning, and acting. We are a small company, but we believe that myriad small and simple acts can lead to great change.

Performance Summary

In a sharp reversal from the first quarter, the Clifford Capital Partners Fund ("the Fund") outperformed its benchmark during a strong quarter, as the fear of the global pandemic began to wane and several of the Fund's holdings posted outsized gains. While there is still great uncertainty about the length and severity of the current health crisis, investors no longer seem to be fearing the worst-case scenarios. The Fund's Core Value stocks (which will range between 50-75% of the Fund) and Deep Value stocks (which will typically range between 25-50% of the Fund) both performed well during the second quarter, but the Fund's smaller Deep Value stocks posted the strongest performance. We continue to believe that the Fund's smaller Deep Value stocks are especially attractive today.

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[1] The Russell 3000® Value Index is a capitalization-weighted index which is designed to measure performance of Russell 3000 Index companies, respectively, with lower price-to-book ratios and lower forecasted growth values. Numbers presented include the reinvestment of dividends (total return).

Our Thoughts About Value Today

As a bottom-up manager, looking at stocks one-by-one based on their own individual merits, we do not hold strong opinions about the overall stock market, but we often observe themes, factors and influences that we find interesting. Most of our last quarterly commentary was focused on why we believe Value strategies, and especially smaller value stocks, are overdue for their time in the sun, based on our observations about investor sentiment moving too strongly towards Growth, very low stock valuations, increasing investor and activist interest in many low-valuation stocks, and various herd behaviors that we think have led to individual stock opportunities. We still believe these observations are valid and we remain excited about the opportunities we see today. Many of the stocks we believed were tremendously undervalued at the end of March increased significantly during the second quarter, but we noted that Growth strategies again outperformed Value strategies (even despite some extremely strong spurts of Value outperformance during the quarter).

To us, today's investment environment feels somewhat like the late 1990s when investor enthusiasm about the "new economy" led to frenzied demand in high quality growth companies and speculative interest in emerging companies that might become the next best thing. Meanwhile established companies in the "old economy" (and small cap value stocks in particular) were out of favor with the investment community. We have observed this phenomenon for a few years now, but it went into overdrive in our opinion during the COVID-19 crisis as many of the "new economy" companies are particularly well-positioned for a world where people work and shop from home. There are also exciting new technologies—like electric vehicles and e-banking, for example—that are changing the way we live, and disrupting industries that have been around for decades, if not centuries. Additionally, we think companies with higher growth rates that are less affected by the pandemic disruption are more favored today because growth is scarce, and interest rates are so low that future cash flows are worth more in today's terms than they would be if interest rates were higher.

In brief, the narratives—and fundamentals in many cases—for Growth stocks look good today. We also believe that investors are paying a very high price today for many of the most popular Growth stocks.

On the other hand, many Value stocks (usually defined as firms with lower price to book ratios and lower growth rates) are found in the "old economy". Many of these companies—especially smaller Deep Value companies—have been hit hard by the pandemic, and the narrative surrounding them—and recent fundamentals—do not look as favorable. We believe investors are paying very low prices for many of these stocks today.

We remain strong believers in buying companies that are trading at low valuations—the essence of Value investing—and we believe today is an especially attractive time for the Fund. That said, given the narrative and fundamentals broadly supporting Growth and the weaker narrative and fundamentals surrounding Value, we understand why people may prefer Growth over Value today. And in a counterintuitive way, we believe the investment opportunity we see today in our Value stocks may be attributable to the strong current narrative and fundamentals of Growth stocks and investors' preference for them, which may have simply gone too far.

So what may change current sentiment?

1) **Economic recovery**. As mentioned above, many Value stocks (including many of the Fund's holdings) have been meaningfully affected by the COVID-19 health crisis, leading to large declines in earnings and cash flows. As the economy recovers, we would expect to see high growth rates in earnings and cash flows and improved investor sentiment. As we witnessed during a brief period in the middle of May when the economy began to reopen in some states and virus case numbers were improving, even the prospect of a better-than-expected economic environment led to drastic outperformance of Value stocks. This could be a microcosm of what a true economic recovery may look like:

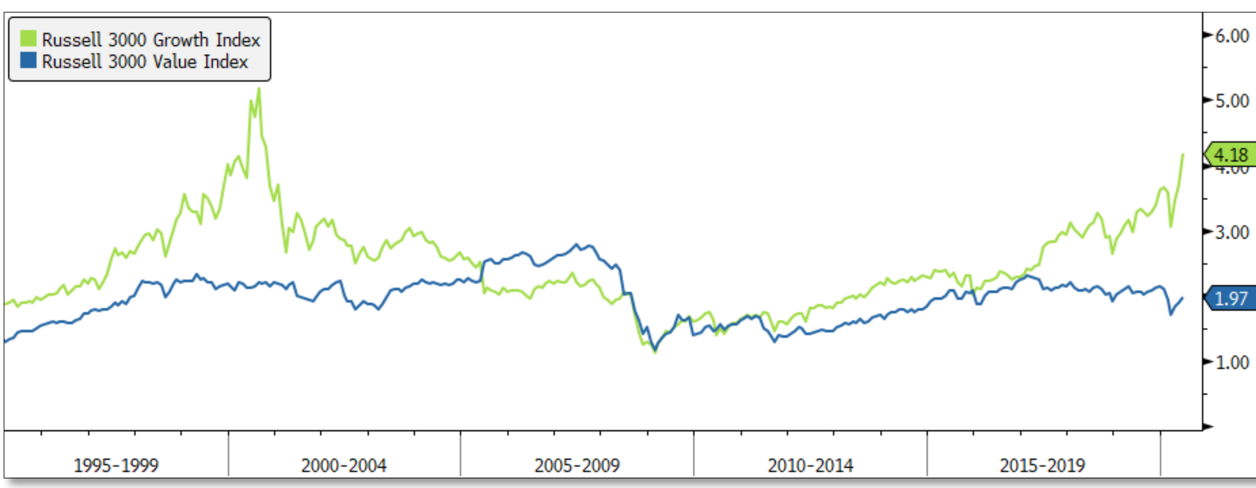
Value Surge during Economic Reopening Excitement

	Return (May 15 – June 8)
Russell 3000 Value	19.88%
Russell 2000 Value[2]	31.71%
S&P 500	13.49%
Russell 3000 Growth[3]	11.04%

2) **Renewed Focus on Valuations.** We believe valuations always matter. As investors in publicly traded companies, we are partial owners of the companies we invest in and entitled to the assets and future excess cash flows they possess or will generate. We treat every investment as if we were theoretically purchasing the entire company; therefore we strive to buy at a low enough price that the odds are higher that we will earn a solid return on the capital we are investing. With rare exception a lower stock price and lower valuation results in higher future return potential and vice versa.

The chart below shows the Enterprise Value to Sales[4] ratio ("EV/Sales") of the Russell 3000 Growth *(proxy for U.S. growth stocks)* and the Russell 3000 Value *(proxy for U.S. value stocks and the Fund's benchmark)* indices over the past 25 years. This ratio compares the value of an entire firm (market cap plus net debt) to its sales over the past 12 months. While simple, we think the EV/Sales ratio is a good way to compare all companies today because many earnings and cash flow-related ratios (like Price/Earnings) may be affected to a greater extent, given the significant disruption to earnings and cash flows from the pandemic. We think the EV/Sales ratio is one of the few 'apples to apples' valuation metrics that is useful to compare almost all companies. Additionally, since Enterprise Value includes a company's entire capital structure (all equity and debt) this metric is also an 'apples to apples' answer to the question of "what is the valuation today of the entire company (or index of companies) per dollar of sales?".

EV/Sales of Russell 3000 Growth and Russell 3000 Value Indices
June 30, 1995 – June 30, 2020



Source: Bloomberg as of June 30, 2020

[2] The Russell 2000® Value Index is a capitalization-weighted index which is designed to measure performance of Russell 2000 Index companies, respectively, with lower price-to-book ratios and lower forecasted growth values. Numbers presented include the reinvestment of dividends (total return).

[3] The Russell 3000® Growth Index is a capitalization-weighted index which is designed to measure performance of Russell 3000 Index companies, respectively, with higher price-to-book ratios and higher forecasted growth values. Numbers presented include the reinvestment of dividends (total return).

[4] Ratio of a company's or index's current Enterprise Value (market capitalization plus short and long-term debt minus cash) to its sales over the prior 12 months as of the date of the analysis.

We note that the two indices were essentially at parity in 2016 and have since experienced a significant divergence. Put simply, investors are paying almost two times more per dollar of sales today for the Russell 3000 Growth index than they were at the end of 2016, while investors are paying about 12% less per dollar of sales for the Russell 3000 Value.

We also note that the Fund's stocks are trading near the lowest valuation ratios we've witnessed since our inception, at the same time that Growth stocks are near their highest valuations in the past 25 years, rivaled only by the late stages of the dot com frenzy in late 1999 and early 2000. We believe these could be signals that the narratives on both sides have gone too far.

Valuation Ratios at June 30, 2020

	Price/ Earnings[5]	Price/ Book[6]	Enterprise Value/ Sales
Russell 3000 Value	15.4	1.95	1.97
Russell 2000 Value	10.4	1.10	1.51
S&P 500	21.1	3.55	2.64
Russell 3000 Growth	31.7	10.28	4.18
The Fund[7]	**12.2**	**1.63**	**1.06**

3) **Stock Specifics and Outside Influences**. While we are hopeful that low valuations will be recognized and the economy will improve, our research efforts are centered around finding companies that can control their own destinies through better execution or strategic initiatives that may be ignored by or missed by other market participants. For each stock we purchase, we have identified a handful of long-term catalysts (our Key Thesis Points) that we believe will change a company's fortunes and improve the financial performance, and investor sentiment, of each company. This is critical to Clifford Capital's investment approach. It is not enough to simply find stocks trading at low valuations (a computer can do that much faster than we can). Our research efforts are dedicated to finding companies that have the ability to improve their performance, in order to realize their potential.

   In addition to things that companies can do to improve their fortunes, we continue to see the influence of shareholder activism in many of our investments, leading to positive changes. We have also noted a large amount of new funds being raised by private equity, distressed debt, and other opportunistic investment firms, many of which are seeking undervalued investment opportunities in today's environment, which may lead to acquisitions. We have seen some strategic intra-industry merger activity as well that we view positively, and we expect more. Some of the Fund's stocks that have held up better than expected during the downturn are also repurchasing stock, which we applaud when a company's stock is undervalued.

   We believe the confluence of company-specific initiatives we have identified, as well as the influence of other interested parties agitating for change could result in strong future returns for Value investments.

We believe the Fund's holdings are attractively valued today. We don't possess a crystal ball that will show us when Value will sustainably return to favor with investors, but we think buying companies with attractive valuations and long-term investment catalysts (our Key Thesis Points) increases our odds of long-term success.

[5] Ratio of closing market price to trailing 12-month earnings per share as of the date of the analysis, using a Weighted Harmonic Average (companies with negative earnings are excluded).
[6] Ratio of closing market price to book value per share as of the date of the analysis.
[7] The valuation characteristics of the Fund, as reported by Bloomberg at June 30, 2020.

Significant Fund Changes
We sold two Deep Value stocks and one Core Value stock during the quarter and used the proceeds to purchase two new Deep Value stocks while adding to several other existing holdings. We sold Deep Value stocks Fresh Del Monte Produce (ticker: FDP – 0.00% of the Fund at June 30, 2020) and Nordstrom (ticker: JWN – 0.00% of the Fund at June 30, 2020) as well as Core Value stock Wesbanco (ticker: WSBC – 0.00% of the Fund at June 30, 2020). We added new positions in Cooper Tire (ticker: CTB – 2.80% of the Fund at June 30, 2020), and Change Healthcare (ticker: CHNG – 1.38% of the Fund at June 30, 2020).

Sales
FDP: We sold Fresh Del Monte as we believed we had better Deep Value opportunities both within and outside of the Fund.

JWN: Nordstrom's brick and mortar stores became a financial albatross during the pandemic-related shutdown, and we believed the company's cash burn and capital raising efforts would put stress on its balance sheet.

WSBC: We chose to reduce our overall exposure to regional bank investments and allocate the capital to other compelling investment opportunities.

Purchases
CTB: Cooper Tire caught our attention during the COVID-19 downdraft as the company's stock fell sharply on worries about supply disruptions and reduced demand for replacement tires. We believe the company has a very strong balance sheet and it operates in the replacement tire market, which is more stable in times of economic stress than tire sales to new vehicle manufacturers. Additionally, given that 70% of the company's raw materials are petroleum-based, we believe that lower oil prices can provide a short-term boost to the firm's cash flows in a period when cash flow is an extremely high priority for all companies. The company also has several initiatives internationally that we believe can add meaningful value over the next several years.

CHNG: Even though Change Healthcare is classified as a Deep Value company (because it doesn't have a long enough history to qualify as a Core Value investment), we believe it's a high quality business specializing in health care data processing. Almost 90% of the company's revenues are recurring and it is entrenched in most healthcare providers' and payers' systems. We believe the company should increase its margins meaningfully over the next 3 years, while lowering its debt levels, resulting in strong returns to shareholders.

Individual Stock Performance
Contributors: The two greatest contributors during the quarter were Big Lots (ticker: BIG – 3.34% of the Fund at June 30, 2020) and eBay (ticker: EBAY – 5.16% of the Fund at June 30, 2020).

BIG: Big Lots stock increased significantly during the quarter after announcing in early April that they entered into a sale/leaseback transaction for four of the company's fully-owned distribution centers for $725 million in cash proceeds, which was more than the market capitalization of the company at the time of the announcement. We believe this transaction was partially driven by the demands of activist investors. In addition to this transaction, which significantly strengthened the company's already-solid balance sheet, the company's stores remained open as an "essential business" during the COVID-19 shutdown, leading to much higher than expected sales and profits, which has further strengthened the company's financial position. The company is also in the midst of what we believe to be a financially prudent store update program, which we believe will help drive a multiyear increase in sales and profits. While the stock has risen sharply, we still believe it trades at an attractive price today.

EBAY: Like Big Lots, demand has increased at eBay because of the pandemic shutdown, leading to higher than expected sales and profits. Also similar to Big Lots, activist shareholders have helped encourage the company to engage in shareholder-friendly transactions such as the recent sale of StubHub. We think eBay has a strong future as a highly profitable e-commerce marketplace. We see better than expected long-term earnings growth opportunities from some new revenue initiatives, combined with our expectation of better execution in its core business as the company sells off non-core business lines.

Detractors: The two largest detractors were CVB Financial (ticker: CVBF – 3.08% of the Fund at June 30, 2020) and Change Healthcare, which was added near the end of the quarter and declined about 8%.

CVBF: CVB declined a little less than 6% during the quarter, mostly because of a slightly lower than expected earnings report. We note that regional bank shares, like CVBF, remain out of favor today because of interest rate and credit concerns. We think these concerns are valid but temporary and are offset by historically low valuation ratios for many of the Fund's bank holdings combined with bank-specific initiatives that we think will lead to better than expected future earnings.

Final Comments

Thank you for your investment in the Fund. We hope you will all stay safe and well. We have high conviction in the Fund's stocks, and we are invested alongside you. We appreciate your support, and we will continue to strive to prudently manage your money.

Sincerely yours,

Ryan Batchelor, CFA, CPA
Principal and Portfolio Manager
Clifford Capital Partners, LLC

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling (800) 628-4077, or by going to the Clifford Capital Funds website at cliffordcapfunds.com and clicking on the "Prospectus" link. Read it carefully before investing.

Information about Risk

Risks of Investing in Equity Securities. Overall stock market risks may affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money.

Risks of Small-Cap and Mid-Cap Securities. Investing in the securities of small-cap and mid-cap companies generally involves substantially greater risk than investing in larger, more established companies.

Risks of Large-Cap Securities. Prices of securities of larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the Fund's value may not rise as much as the value of funds that emphasize companies with smaller capitalizations.

Focused Investment Risk. The Fund is a focused fund and generally holds stocks of between only 25 and 35 companies. Focused funds may invest a larger portion of their assets in the securities of a single issuer compared to a more diversified fund. Focusing investments in a small number of companies may subject the Fund to greater share price volatility and therefore a greater risk of loss because a single security's increase or decrease in value may have a greater impact on the Fund's value and total return.

Sector Risk. The Fund may emphasize investment in one or more particular business sectors at times, which may cause the value of its share price to be more susceptible to the financial, market, or economic events affecting issuers and industries within those sectors than a fund that does not emphasize investment in particular sectors.

Management Style Risk. Because the Fund invests primarily in value stocks (*stocks that the Adviser believes are undervalued*), the Fund's performance may at times be better or worse than the performance of stock funds that focus on other types of stock strategies (*e.g., growth stocks*), or that have a broader investment style.

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