Clifford Capital Focused Small Cap Value 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 (10/01/2019)	Total Return, Annualized Since Inception
Institutional Class (FSVVX)	21.48%	-23.00%	n/a	n/a	n/a	-17.94%	n/a
Russell 2000® Value[1]	18.91%	-23.50%	n/a	n/a	n/a	-15.49%	n/a

	2nd Quarter 2020	Year-to-Date Return	1-Year Return	3-Year Return, Annualized	5-Year Return, Annualized	Total Return, Since Inception (01/31/2020)	Total Return, Annualized Since Inception
Super Institutional Class (FSVQX)	21.48%	n/a	n/a	n/a	n/a	-17.67%	n/a
Investor Class (FSVRX)	21.33%	n/a	n/a	n/a	n/a	-17.77%	n/a
Russell 2000® Value	18.91%	n/a	n/a	n/a	n/a	-19.14%	n/a

**Expense Ratio Gross/Net: FSVVX 1.45%/1.06%; FSVQX 1.42%/0.98%; FSVRX 1.70%/1.31%

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 Focused Small Cap Value Fund expenses until January 31, 2022.

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 Focused Small Cap Value 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) underperformed the benchmark during the quarter, while Deep Value stocks (which will typically range between 25-50% of the Fund) outperformed strongly, lending to the Fund's overall results. We continue to believe that the Fund's Deep Value stocks are especially attractive today.

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[1] 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).

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 large cap 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 small cap 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 2000 Value	31.71%
Russell 2000 Growth[2] *(proxy for U.S. small cap growth stocks)*	18.87%
Russell 1000 Growth[3] *(proxy for U.S. large cap growth stocks)*	10.57%

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 1000 Growth (*a proxy for large cap growth stocks: an area we believe is in high favor today*) and the Russell 2000 Value (*the Fund's benchmark and proxy for small cap value stocks*) 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 today 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 1000 Growth and Russell 2000 Value Indices
June 30, 1995 – June 30, 2020

Source: Bloomberg as of June 30, 2020

[2] The Russell 2000® Growth Index is a capitalization-weighted index which is designed to measure performance of Russell 2000 Index companies, respectively, with higher price-to-book ratios and higher05 forecasted growth values. Numbers presented include the reinvestment of dividends (total return).

[3] The Russell 1000® Growth Index is a capitalization-weighted index which is designed to measure performance of Russell 1000 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 began diverging strongly in 2017 with investors paying more for large Growth stocks and less for small Value stocks. Put simply, investors are paying about 90% more per dollar of sales today for the Russell 1000 Growth index than they were at the end of 2016, while investors are paying about 20% less per dollar of sales for the Russell 3000 Value.

We also note that the Fund's stocks are trading at very low valuations (some of the lowest we've seen in our careers), at the same time that large cap 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 2000 Value	10.4	1.10	1.51
Russell 2000 Growth	26.2	4.72	2.48
Russell 1000 Growth	32.0	11.08	4.40
The Fund[7]	**12.8**	**1.22**	**0.76**

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 stocks 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 Core Value stocks during the quarter and purchased one Deep Value and one Core Value stock while adding to several other existing holdings. We sold Core Value stocks Nordstrom (ticker: JWN – 0.00% of the Fund at June 30, 2020) and Harley-Davidson (ticker: HOG – 0.00% of the Fund at June 30, 2020). We added new positions in Deep Value stock Express (ticker: EXPR – 1.62% of the Fund at June 30, 2020), and Core Value stock Change Healthcare (ticker: CHNG – 3.61% of the Fund at June 30, 2020).

Sales

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.

HOG: We sold Harley-Davidson as we grew increasingly concerned that the company's balance sheet may become overly stressed during a prolonged period of economic weakness.

Purchases

EXPR: Express is an apparel retailer that began showing signs of success in a multiyear transformation effort under a new management team, prior to being waylaid by the pandemic disruption affecting most retailers. The company has an excellent balance sheet, which we believe is a competitive advantage in today's environment when most of its competitors are choosing not to replenish inventories or invest in their businesses to conserve cash. We think that when the economy reopens the company will resume its upward trajectory.

CHNG: Change Healthcare is 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 – 4.28% of the Fund at June 30, 2020) and Cooper Tire (ticker: CTB – 4.01% 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.

CTB: Cooper Tire's stock price increased during the quarter as the negative effects of the pandemic were less severe than feared. We believe Cooper's core market in replacement tires is less cyclical than the tire market for new vehicles, so we expect the company to hold up relatively well in the current downturn. We also believe there are several stock-specific initiatives in place today that may lead to better than expected sales and profits.

Detractors: The two largest detractors were Express (new stock mentioned above) and CVB Financial (ticker: CVBF – 3.52% of the Fund at June 30, 2020).

EXPR: Express declined after our initial purchase when the company reported worse than expected quarterly sales and earnings. There are signs that the business has been performing better than expected during the early parts of the store reopening process (most of their stores are open today and e-commerce trends have been solid), so we believe the company will regain its upward trajectory once shoppers regain more confidence.

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 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.

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.

New Fund Risk. The Fund is recently formed. Accordingly, investors in the Fund bear the risk that the Fund may not be successful in implementing its investment strategy, may not employ a successful investment strategy, or may fail to attract sufficient assets to realize economies of scale, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such liquidation could have negative tax consequences.

The Clifford Capital Funds are distributed by First Dominion Capital Corp., Member FINRA/SIPC