Clifford
CAPITAL FUNDS

Clifford Capital Focused Small Cap Value Fund

Quarterly Commentary – Fourth Quarter 2020

Performance Summary

	4th Quarter 2020	2020 Full Year	Average Annual Returns as of 12/31/2020: 1-Year	3-Year	5-Year	Inception (10/1/2019)	Total Return, Inception (10/1/2019)
Institutional Class (FSVVX)	29.99%	10.34%	10.34%	n/a	n/a	13.86%	17.61%
Russell 2000® Value[1]	33.36%	4.63%	4.63%	n/a	n/a	12.31%	15.57%

	4th Quarter 2020	2020 Full Year	Average Annual Returns as of 12/31/2020: 1-Year	3-Year	5-Year	Inception (1/31/2020)	Total Return, Inception (1/31/2020)
Super Institutional Class (FSVQX)	29.98%	n/a	n/a	n/a	n/a	n/a	17.97%
Investor Class (FSVRX)	29.93%	n/a	n/a	n/a	n/a	n/a	17.67%
Russell 2000® Value	33.36%	n/a	n/a	n/a	n/a	n/a	10.60%

**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.

Happy New Year! We hope this letter finds you well as we all collectively hope for a victory against the virus that has affected our world. We are grateful for your investment with Clifford Capital Partners and thank you for your support.

Performance Summary

The Clifford Capital Focused Small Cap Value Fund ("the Fund") jumped sharply in last quarter of 2020, and even though it didn't keep up with its benchmark for the quarter, it was a very solid outcome leading to a double-digit annual return in 2020. Given the market chaos and uncertainty we faced during 2020, we were pleased to post positive results for the year, while outperforming the Fund's benchmark by almost 6%. Positive vaccine news during the quarter led to a strong relief rally in small cap value shares, and the Fund's stocks increased strongly, with only one stock posting a slight negative return during the quarter.

In particular, the Fund's Deep Value stocks were very strong performers during the quarter (and since the market bottom in March), with several stocks posting outsized gains. Core Value stocks, which we think are high quality, competitively advantaged firms, will always represent the majority of the Fund (50-75%), while the Deep Value weighting is dependent upon the abundance—or lack thereof—of opportunistic, deeply undervalued bargains we find in the marketplace.

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).

The Fund's weighting in Deep Value stocks increased during 2020, reflective of the opportunity we have seen. We actively added to the Fund's Deep Value exposure during the first quarter's virus-related downdraft, when Deep Value stocks had fallen sharply as investors fled to other investments that were viewed as safer, but were far less attractive, in our view. We believed many Deep Value stocks were trading at extremely compelling prices, and the main reasons we owned them—Clifford Capital's Key Thesis Points™—were still valid, so we maintained our conviction to take advantage of what we believed to be bargain prices.

Additionally, the Fund's regional bank investments (a mix of Core Value and Deep Value stocks and an area of opportunity we discussed in our last commentary) were key contributors as the stock market began to see some light at the end of the economy's proverbial tunnel, and one of our banks announced that it was going to be acquired by another bank. We still see strong value in our bank investments today.

While we are pleased with recent results, our focus—as always—remains on the long-term. Our investment decisions and portfolio weighting decisions are all based on our long-term views of the individual stocks we hold. And we continue to see solid long-term value in the Fund's holdings today, especially amidst its Deep Value stocks, which we continue to believe are the most attractive part of the Fund's investment mix.

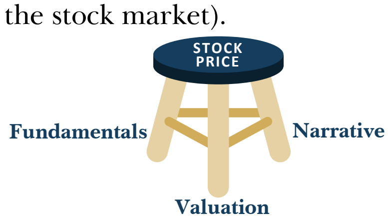
Key Thesis Points™ Redux

In our last quarterly commentary, we discussed the importance of Clifford Capital's Key Thesis Points™ ("KTPs") to our investment process. KTPs are company-specific long-term catalysts that we have identified in our research, which we believe will lead to improved fundamental performance and a higher stock price. We typically identify 3-4 specific KTPs for each investment, which we believe are the most critical investment success factors. Our focus on KTPs helps us concentrate on the things that matter most with each individual investment and helps us maintain conviction in our investments during times of stress like early 2020. It also provides us with the analytical confidence to invest in new stocks when they "feel" the riskiest but have fallen to prices that are disconnected with a reasonable fair value estimate, leading to tremendous potential rewards compared to the remaining risks. As we discussed in our last commentary:

> Each investment requires a combination of an attractive valuation and a few distinct long-term catalysts (Key Thesis Points™) that we have identified in our research, which we believe will move the stock up to our fair value estimate. The discipline of identifying and focusing on Key Thesis Points™ is particularly critical with Deep Value stocks. Because Deep Value companies are not typically endowed with the same formidable competitive advantages that we see in our Core Value stocks, identifying specific catalysts that we believe will happen within the next few years is essential. It is difficult for a Deep Value stock to make the cut in the Fund (it's the "pickiest" part of our stock picking!), so when we have a high weighting in Deep Value stocks, it's a signal that we're finding more bargains than usual.

When KTPs work out, it can lead to solid investment performance, often irrespective of what the overall market is doing. Our focus on KTPs also helps us quickly identify risks that may affect these key success factors, so if new facts arise that refute our KTPs, we will sell the stock.

The Three-Legged Stool of Stock Prices. To frame how we think about KTPs a little more, the simplified model below illustrates some factors that we believe are the primary drivers of a stock's price. To be clear, we are not discussing what a stock is worth (its "value"), but rather our opinion about a few things that greatly influence a stock's price (what it trades for in the stock market).



We think a company's stock price is a product of its *Fundamentals* (its actual financial results and current financial condition); its *Narrative* (investor and analyst perception, growth expectations, management guidance and other forward-looking "stories" – all of which are more subjective); and its *Valuation* (how much investors are currently willing to pay for the *Fundamentals*, given the strength of the *Narrative*).

For example, let's assume that theoretical Company A generated $100 million in cash flow over the past year, which equates to $10 per share, which was up 10% from the previous year and has consistently been growing at about the same rate over the past several years (the *Fundamentals* – quantifiable results). Analysts and the investment community think highly of the company because of its recent track record and its strong competitive position, and its management team is telling the investment community it expects 10% growth in the upcoming year and for the next several years (the *Narrative* – expectations for the future and how people "feel" about the stock). Because of the positive *Fundamentals* and *Narrative*, investors are willing to pay 20 times cash flow for this business (the *Valuation*), so the stock trades for a price of $200 per share ($10/share in cash flow times 20).

Theoretical Company B generated $50 million in cash flow ($5/share for this example), but this result was down 10% from the prior year because of some problems that are fixable but concerning. Over the past several years, the company's results were mixed with some good years and some tougher ones (*Fundamentals*). The company's management has a plan to fix its problems, but Wall Street analysts and the investment community are wary of this company, given its checkered past, and are "on the sidelines" until it proves that it can improve its performance (*Narrative*). Because of the mixed *Fundamentals* and *Narrative*, investors are only willing to pay 10 times cash flow (*Valuation*), so the stock trades for a price of $50 per share ($5/share in cash flow times 10).

Here's the twist: Company B in our example was actually Company A, just 5 years earlier. You'll note that the *Fundamentals* were much better (cash flow doubled from $50 million to $100 million), but the stock price did even better than that (quadrupled from $50/share to $200/share) because of the combination of higher *Fundamentals* and a higher *Valuation*, which is intertwined with a better *Narrative*.

Buying "Company B" at a good *Valuation* prior to improvement in the *Fundamentals* and *Narrative* is one of the key aims of Clifford Capital's contrarian investment process. The *Fundamentals* and *Valuation* of an individual company at a given point of time are usually fact based and are fairly easy to ascertain for a trained analyst. Figuring out the *Narrative*, however, is extremely time intensive and challenging. Much of today's investment industry is dedicated to this challenge (including our own).

KTPs are the linchpin of this effort at Clifford Capital Partners. We believe KTPs are the catalysts that will lead to improvement in a company's *Fundamentals* and the *Narrative* surrounding its stock. When this happens, the *Valuation* often meaningfully improves as well, leading to a higher stock price. It requires significant analysis and judgment to identify KTPs, but we believe this approach, combined with an insistence on purchasing stocks at a discount to what we believe they are worth, is a prudent way to invest in stocks.

The Stool May Help Explain Today's Market as Well. Extending this analogy to today's stock market, we have noted that many companies with high growth rates (especially many larger technology companies with exciting business models and potentially huge end-markets) have strong *Narratives* today. *Fundamentals* in many cases are also solid. This—combined with low interest rates, which make future cash flows more valuable in today's terms—has led to very high *Valuations* for a large subset of the stock market.

The chart below—we shared a similar chart in our Q2 commentary—compares the Enterprise Value to Sales[2] ratio ("EV/Sales") of the Russell 1000 Growth *(proxy for U.S. large cap growth stocks)* and the Russell 2000 Value *(proxy for U.S. small cap 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 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

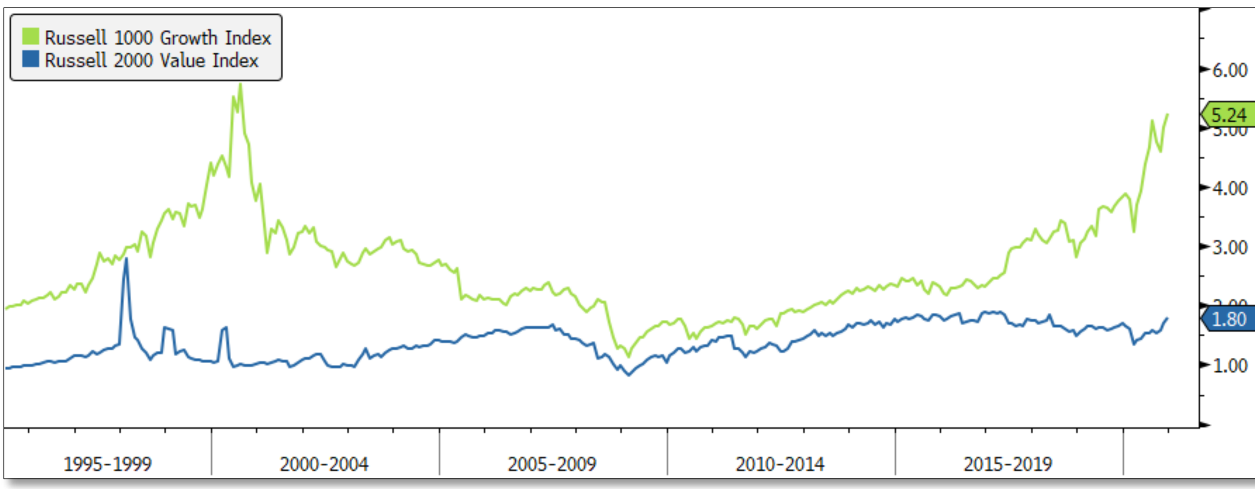
2 Ratio of a company's or index's current Enterprise Value (market capitalization plus short and long-term debt minus cash) to its sales over the prior 12 months as of the date of the analysis.

debt) this metric is also a simple way to answer the question of "what is the valuation today of the entire company (or index of companies) per dollar of sales?"

As illustrated in the chart below, during 2020 this valuation ratio moved up to almost uncharted territory—only the peak of the Internet bubble in 1999/2000 was higher—for the Russell 1000 Growth index. Quite simply, stock investors today are paying close to the highest prices in modern history, per dollar of sales, for the Russell 1000 Growth index, while the Russell 2000 Value index valuation is much less demanding. We think this is an illustration of the market's recent preference for large cap growth shares, compared to small cap value.

As mentioned above, we attribute much of this willingness to pay higher prices to low interest rates, solid *Fundamentals*, and a strong *Narrative*. However, the *Valuation* leg of the proverbial stool looks shaky, in our opinion, for this particular swath of the stock market today. At the very least, we think investors who remain bullish on the Russell 1000 Growth index today must have very strong conviction in the *Narrative* and the *Fundamentals* because the *Valuation* is historically high.

EV/Sales of Russell 1000 Growth[3] and Russell 2000 Value Indices
June 30, 1995 – December 31, 2020



Source: Bloomberg as of December 31, 2020

We believe the Fund's holdings are much more attractive than the overall market today. Deep Value stocks in particular continue to trade at attractive prices, in our opinion, and our weighting in them remains near all-time highs coming into 2021, which demonstrates our conviction in the opportunity. We believe the Fund is positioned well for a solid future, given the attractiveness of its individual stocks today.

Significant Fund Changes
We sold Deep Value stocks GameStop (ticker: GME – 0.00% of the Fund at Dec. 31, 2020) and Express (ticker: EXPR – 0.00% of the Fund at Dec. 31, 2020) during the quarter and purchased one new Deep Value stock, Chicos FAS (ticker: CHS – 2.06% of the Fund at Dec. 31, 2020).

Sales
GME. We sold GameStop as the stock reached our fair value estimate during the quarter. The stock had significantly increased because of expectations of improved sales and profitability from new gaming consoles that began to be sold in recent months. There was also an increase in investor interest (strengthening the *Narrative*) because of the involvement of some prominent activist investors and some strategic actions.

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).

EXPR. We sold Express—a specialty retail company—during the quarter and swapped it with another specialty retailer Chico's (discussed below). Like other mall-based retailers, Express' 2020 results were negatively affected by the pandemic and the company burned significantly more cash than we originally expected, leading to a weaker financial position. Given this, we decided to swap the stock into a similar company with a stronger balance sheet. Even though EXPR stock increased significantly during the quarter prior to our sale, it was a disappointing investment overall for the Fund.

Purchases

CHS: Chico's is a specialty retailer that operates three boutique store brands: Chico's, White House Black Market, and Soma. We think the company was in the midst of a strong turnaround and rehaul of its stores and strategies that was derailed by the pandemic. We believe many of its strategic initiatives are still working but are overshadowed right now by the declines in store traffic related to social distancing and stay-at-home orders. The company has a strong balance sheet to withstand a prolonged period of traffic declines, and we think its business will continue to show improved results through strategies within its control. Additionally, we believe the company possesses assets that are not fully recognized today (such as owned real estate), which provides valuation support, in our opinion.

Individual Stock Performance

Contributors: The two greatest contributors during the quarter were Deep Value bank CIT Group (ticker: CIT – 3.83% of the Fund at Dec. 31, 2020) and Core Value bank Hancock Whitney (ticker: HWC – 5.12% of the Fund at Dec. 31, 2020).

CIT: CIT's stock doubled during the quarter after it announced that it was being acquired for a modest premium in an all-stock transaction by First Citizens BancShares (ticker: FCNCA – 0.00% of the Fund at Dec. 31, 2020). This transaction is expected to add over 50% to FCNCA's net income once the acquisition is fully integrated, which led to both CIT and FCNCA's stock prices rising significantly in the weeks following the acquisition announcement. Moving forward, we expect CIT's stock to roughly track the performance of FCNCA, which we think is a solid regional bank that is still undervalued.

HWC: Hancock Whitney also performed well as its earnings results were stronger than expected because of better-than-expected credit quality, and investors warmed up to bank stocks during the quarter. Hancock is one of the best regional banks in the Deep South, in our view, and we believe the company's stock continues to trade at an attractive price.

Detractors: One stock declined during the quarter, Big Lots (ticker: BIG – 3.01% of the Fund at Dec. 31, 2020).

BIG. Big Lots declined slightly (about 3%) during the quarter because of investor worries that changes in consumer habits post pandemic may lead to lower sales. As an "essential retailer" Big Lots stores remained open during the national shut down, leading to strong sales results during the year. We still believe that the company's strategic initiatives that it was pursuing prior to the pandemic (store remodels, new lines of proprietary high-margin products, better management) will continue to improve the company's results above investor expectations, even after demand normalizes. We still think the stock is attractive today.

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.

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