



INVESTMENT PERFORMANCE (%)

	Total Return				Total Return Since Inception
	Inception	Quarter*	YTD	1 Year	
Palm Valley Capital Fund	4/30/19	0.70	N/A	N/A	0.70
S&P Small Cap 600 Index		-1.93			-1.93
Morningstar Small Cap Index		-1.35			-1.35

***Performance reflects a partial quarter from April 30, 2019 through June 30, 2019.**

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 higher or lower than the performance quoted. Performance of the Fund current to the most recent quarter-end can be obtained by calling 904-747-2345.

As of the most recent prospectus, the Fund's gross expense ratio is 2.02% and the net expense ratio is 1.25%. Palm Valley Capital Management has contractually agreed to waive its management fees and reimburse Fund operating expenses through at least April 30, 2021.

July 1, 2019

Dear Friends,

This is the inaugural letter for the Palm Valley Capital Fund (ticker: PVCMX), which launched on April 30, 2019. The Palm Valley Capital Fund (the Fund) invests in small cap stocks. While our Fund is new, its underlying absolute return-based investment strategy is not. We have practiced the same strategy throughout our careers in investment management.

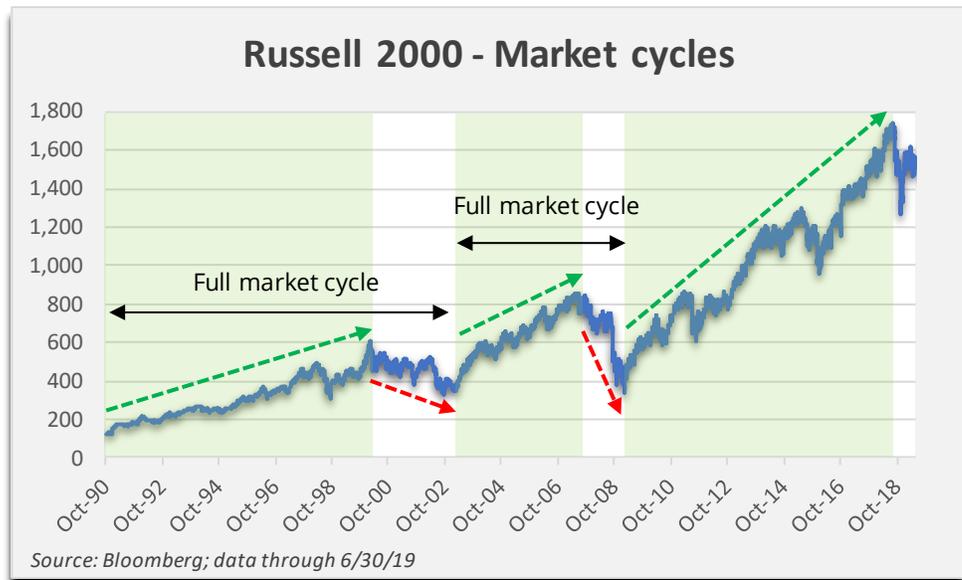
The foundation of our approach is to only deploy capital when we believe we have found an undervalued security. This can result in the Fund holding a significant percentage of cash during periods of high small cap valuations, like the present. Being "underinvested" in equities can create meaningful differences in investment performance between our Fund and its benchmarks. Furthermore, the types of stocks we own are often considered contrarian and may behave differently than their small cap peers. We emphasize the quality of a company's balance sheet and free cash flow stream when evaluating securities for the portfolio. Many other investors focus on estimating growth rates and how a firm's management can maximize near-term earnings per share.

Purchasing the Fund

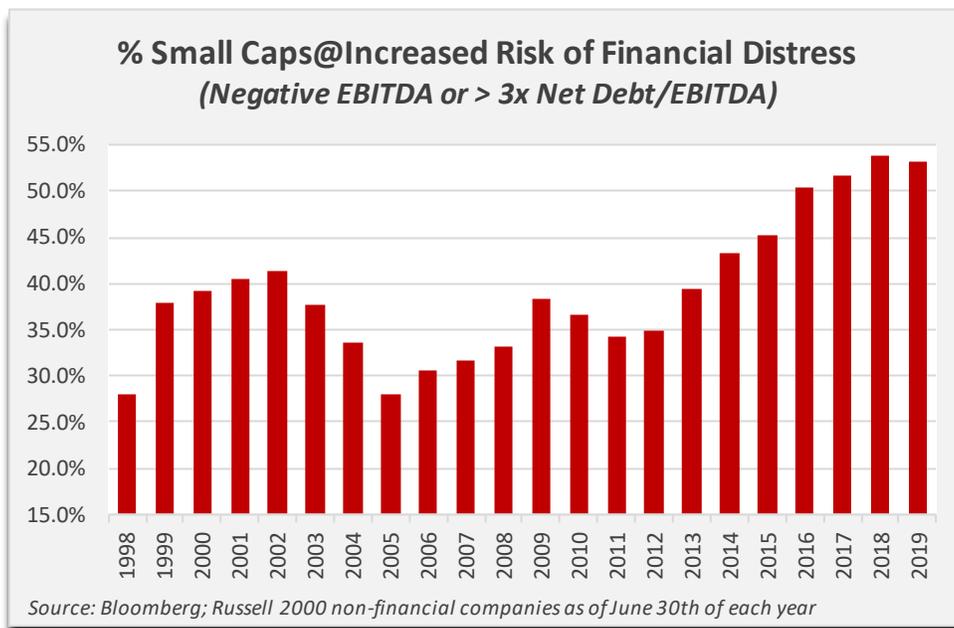
The Palm Valley Capital Fund is currently available for purchase directly through U.S. Bank (888-224-7256). We are working to make the Fund available on major platforms as well. Each platform has its own requirements in terms of internal demand, fund size, and track record. If you are an investment adviser and would like to purchase the Palm Valley Capital Fund through your platform, [please let us know](#).



As absolute return investors, we believe the Fund's investment performance is best measured over a full market cycle, which includes both a bull market and a bear market. Market cycles vary in length and magnitude, and the current small cap cycle has set records on both counts. Many investors will reject the idea of measuring results over such long periods. Nevertheless, it's important to distinguish our process from other investment professionals who are geared toward quarterly and annual performance assessments. That is not the game we are playing.

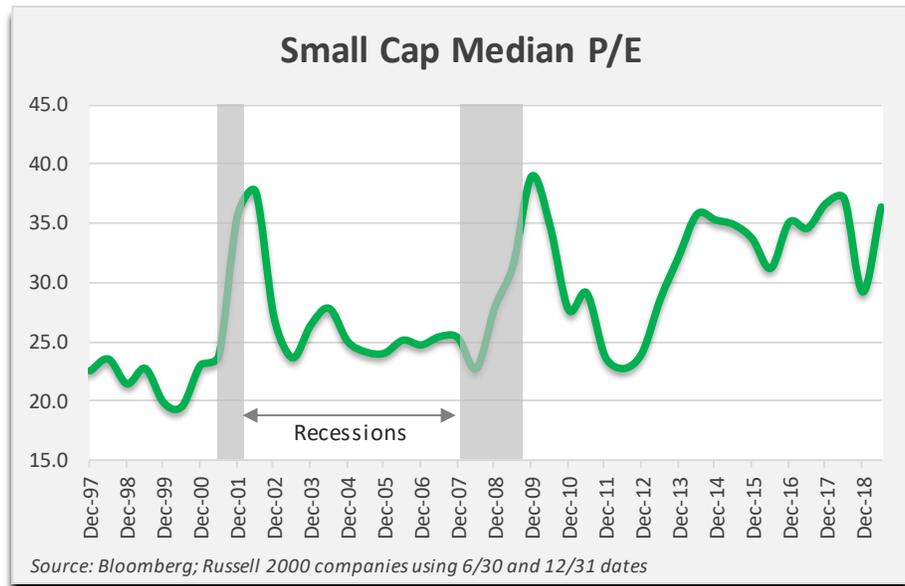


Market cycles usually correspond to the business cycle. Like the last economic cycle, **we believe the economy and companies' earnings are being supported by unsustainable levels of credit growth**—particularly in government and corporate debt. In the fourth quarter, to counter rising stress in the credit and equity markets, the Federal Reserve abandoned its rate hike campaign and communicated a more market-friendly policy going forward. Regardless of the Federal Reserve's efforts to maintain asset prices and credit growth, we believe the economy's reliance on incremental debt and low interest rates is unsustainable.



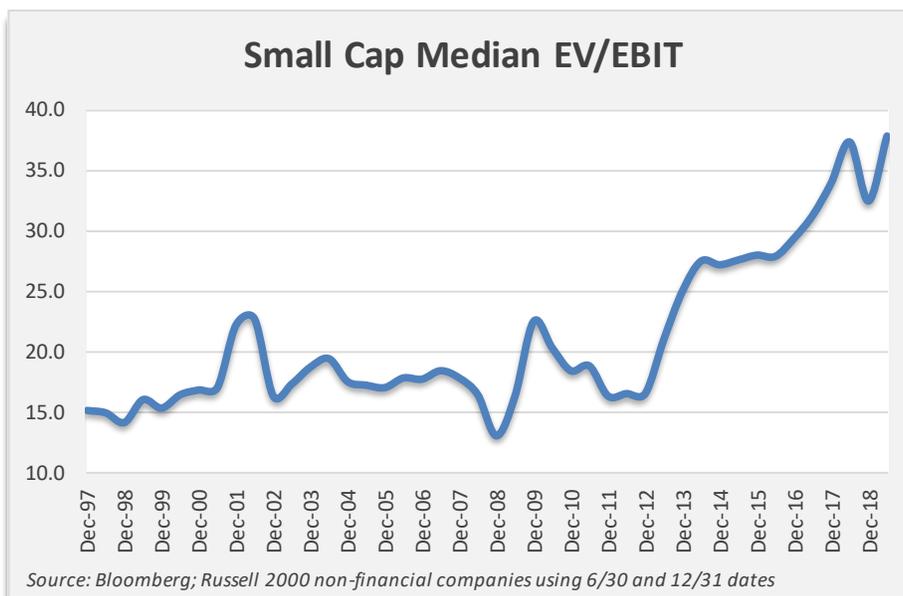


Valuations for U.S. small caps are near historical extremes. We do not believe this is warranted given lukewarm economic growth and increased financial risk from growing indebtedness. In fact, the typical small cap's P/E ratio appears more in-line with levels immediately following recessions, after earnings have plummeted. Rising small cap leverage combined with low interest rates and reduced tax rates make P/E ratios appear somewhat more palatable than firm-level valuation



metrics such as Enterprise Value to EBIT, where the median firm trades for twice the multiple that prevailed prior to 2013. We are cautious about the impact of deteriorating balance sheets on company performance during an economic pullback, and we are not certain today's favorable corporate tax rates will be sustained. For us, it doesn't make sense to pay near-record multiples for a less predictable outcome.

For the two-month period from April 30, 2019 (inception) through June 30, 2019, the Palm Valley Capital Fund returned 0.70%. In contrast, the S&P Small Cap 600 Index and Morningstar Small Cap Total Return Index declined 1.93% and 1.35%, respectively. While we are pleased to report positive relative returns since the Fund's inception, we are not overly concerned about how we compare to a benchmark in the short-term. Given current small cap valuations, we are much more concerned about full-cycle absolute



returns and limiting permanent losses to capital. Consequently, **we are avoiding stocks trading above our calculated valuations, including many high-quality businesses, companies with excessive financial risk or mispriced operating risk, and firms with concentrated ownership by ETFs and passive funds.**

Furthermore, at this stage of the market cycle, we are particularly attracted to the advantages of holding

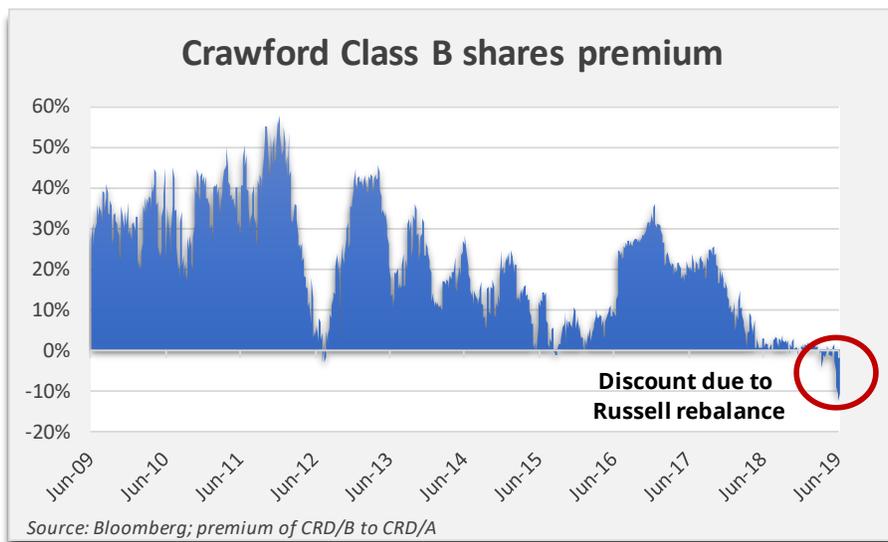


Treasury bills. We believe Treasury bills offer safety, liquidity, a competitive yield relative to equities, and the ability to act decisively when opportunities materialize. At the end of June, the Fund had 91.8% of its asset in cash equivalents.

The Fund currently owns ten equities: Crawford & Co. (ticker: CRD/B), Crimson Wine Group (ticker: CWGL), Natural Gas Services Group (ticker: NGS), United-Guardian (ticker: UG), Weis Markets (WMK), Protective Insurance (ticker: PTVCB), Adams Resources & Energy (ticker: AE), Scholastic (ticker: SCHL), Amdocs (ticker: DOX), and Gencor Industries (ticker: GENC). **We believe all these firms have strong balance sheets and trade at below-average multiples to free cash flow or asset value.** In many cases, our weightings are modest, which reflects the size of our estimated discount to fair value. We expect to increase position sizes when the magnitude of any security's discount grows.

Each quarter, we plan to discuss the three securities having the largest positive and negative impact on Fund performance, with a minimum threshold of 10 basis points of overall impact. Crawford was the only holding that met this hurdle for contributors during the quarter. There were no detractors responsible for a 10 basis point impact on the Fund.

Crawford & Co. is one of the world's largest independent providers of claims management services to insurance companies and self-insured entities. Demand is tied to industrywide claims volumes, weather events, economic activity, employment, and workplace injuries, as well as the propensity for insurers to outsource adjusting work. A restructuring program has significantly improved underlying profitability in



Crawford's core businesses, but this was overshadowed by a declining contribution from administering class action services related to the BP oil spill. The class action business was sold last year, which allowed Crawford to reduce debt. We own Crawford's Class B voting shares, which have historically sold at periodic premiums to the Class A non-voting shares but traded at a discount during June as a result of anticipated rebalancing of Russell indexes.

Crimson Wine Group produces premium wines from California, Oregon, and Washington. The firm owns six vineyards and wineries in Napa, Sonoma, and other top winegrowing districts. Over the past several years, the company has experienced contracting margins as a result of brisk increases in grape prices. Crimson sources two-thirds of its grapes from independent growers. However, the value of Crimson's prime acreage has continued to appreciate, particularly in Napa Valley, where land is scarce. We believe Crimson sells for a discount to the value of its vineyards, wineries, and inventory.



Natural Gas Services Group manufactures, sells, and leases natural gas compressors to the energy industry. Compressors are commonly used to increase the productivity of oil and natural gas wells. In our opinion, Natural Gas Services has navigated through the ups and downs of the energy markets well. During profitable years, the company has positioned the business for future opportunity by allowing its cash balance to grow. During periods of industry weakness, the company has invested in new equipment to grow revenues and increase market share. Natural Gas Services maintains a very strong balance sheet with no debt and \$40 million in cash. We believe its stock is attractively priced relative to its net assets, and it currently trades at 0.80x tangible book value.

Weis Markets operates 200 grocery stores in Pennsylvania and surrounding states. The company has a very strong balance sheet with no debt and \$90 million in cash and marketable securities. Weis also owns 95 of its stores, a 1.3 million square foot distribution center, an ice cream plant, and a meat processing facility. Weis's strong balance sheet has provided it with the flexibility to act opportunistically within its highly competitive industry. For example, in 2016 the company acquired five Mars Super Market locations and 38 Food Lion stores, resulting in a gain on bargain purchase of \$24 million. Weis Markets currently sells at a discount to tangible book value, provides a 3.4% dividend yield, and has consistently generated free cash flow over the past decade.

United-Guardian supplies unique products to the personal care, pharmaceutical, medical, and industrial sectors. LUBRAJEL is a line of water-based moisturizing and lubricating gels, and United offers several proprietary formulations for different end markets from cosmetics to medical applications. RENACIDIN keeps catheters from becoming plugged up with calcium and can dissolve certain bladder and kidney stones. United has 40% operating margins even though the firm's patents expired long ago. While the company has exposure to the Chinese market and could be affected by tariffs, United's core products have existed for decades and the firm is a disciplined producer of free cash flow. United has a squeaky-clean balance sheet and currently pays a dividend yield exceeding 5%.

Top Holdings (6/30/19)	% Assets
Crawford & Company	2.72
Crimson Wine Group	1.00
Natural Gas Services Group	0.76
United-Guardian	0.58
Weis Markets	0.56
Protective Insurance	0.56
Adams Resources & Energy	0.53
Scholastic	0.51
Amdocs	0.47
Gencor Industries	0.46

Protective Insurance is a leading commercial trucking insurer and works with customers such as FedEx and smaller outfits. Challenges in the commercial auto market in recent years due to rising jury awards for accidents have impacted the industry and disrupted Protective's long history of stable underwriting performance. The company is raising premiums to address the unfavorable litigation environment. Protective trades at a significant discount to its tangible book value.

Adams Resources & Energy is a crude oil marketing, transportation, and storage business. The company also transports liquid chemicals and dry bulk in the U.S. and Canada. Operating results are influenced by fluctuations in oil prices and the volume of oil purchased and sold. Adams has an impeccable balance sheet with no debt and cash equal to 90% of its market capitalization. We believe the company sells at a discount to the value of its infrastructure, real estate, and net working capital.



Scholastic is the world's largest publisher and distributor of children's books and is a leading provider of instructional materials for grades pre-K to 12. One month ago, the company's stock dropped after Scholastic sharply reduced guidance for the fiscal year, primarily due to the impact on book club sales from regulatory changes on sales tax collections. Scholastic's corporate cash and owned headquarters building, which is located on Broadway in New York City's SoHo neighborhood, account for over half of the firm's market capitalization. We were able to acquire shares in this nearly 100-year-old company at tangible book value, and we think Scholastic will continue to be a magnet for talented authors and a fixture in elementary schools.

Amdocs is the world's leading provider of billing and customer care (BSS) and operations support systems (OSS) to communications service providers. Customer relationships are sticky and major clients include AT&T, Sprint, T-Mobile, Vodafone, Singtel, and Comcast. Three quarters of revenue is recurring. The balance sheet is excellent and margins have been stable and cash flow dependable.

Gencor Industries is a market-leading manufacturer of asphalt plants. The company's H&B product line is the world's oldest asphalt plant manufacturer, with its first plant assembled in 1894. Gencor's business is dependent on highway construction and government funding. We believe Gencor's operating results have benefited from the five-year Fixing America's Surface Transportation Act (FAST) and increases in highway construction spending. Although Gencor's business is highly cyclical, we are comforted by the company's very strong balance sheet. Gencor has no debt, valuable real estate assets, and cash and marketable securities equal to over two-thirds of its market capitalization.

Few would argue that the Federal Reserve has had a growing influence on market behavior. However, **there is considerable disagreement among investors about whether central bank intervention is sustainable without culminating in another financial crisis.** Even those genuinely concerned about the long-term consequences of Fed actions are mostly still unable or unwilling to position their portfolios today for a less hospitable market climate—the opportunity cost of sitting out of potential gains is too great and clients expect results now. Without a doubt, an unconventionally managed portfolio is a tough sell after a decade when it has appeared totally unnecessary. **We believe business and market cycles are cyclical in nature and this time is not different.**

Thank you for your support.

Sincerely,

Eric Cinnamond Jayme Wiggins

Mutual fund investing involves risk. Principal loss is possible. The Palm Valley Capital Fund invests in smaller sized companies, which involve additional risks such as limited liquidity and greater volatility than large capitalization companies. The ability of the Fund to meet its investment objective may be limited to the extent it holds assets in cash (or cash equivalents) or is otherwise uninvested.

Before investing in the Palm Valley Capital Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. The Prospectus contains this and other important information and it may be obtained by calling 904-747-2345. Please read the Prospectus carefully before investing.



Past performance is no guarantee of future results. Dividends are not guaranteed and a company's future ability to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.

The S&P Small Cap 600 Index measures the small cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The Morningstar Small Cap Total Return Index tracks the performance of U.S. small-cap stocks that fall between 90th and 97th percentile in market capitalization of the investable universe. **It is not possible to invest directly in an index.**

The Palm Valley Capital Fund is distributed by Quasar Distributors, LLC.

Definitions:

Free cash flow: Cash from operating activities minus capital expenditures.

Earnings per share: Net income divided by shares outstanding.

EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization.

Net Debt/EBITDA: Total debt minus cash and equivalents divided by EBITDA. A measure of financial leverage.

P/E Ratio: Stock price divided by earnings per share.

Enterprise Value to EBIT: Enterprise Value (EV) equals Market Cap plus total debt minus cash and equivalents. EBIT equals Earnings before Interest and Taxes. EV/EBIT is a valuation metric.

Basis point: One hundredth of a percentage point (0.01%).

Tangible book value: Stockholder's equity minus goodwill and intangibles divided by shares outstanding.