Poplar Forest Capital

Dear Partners,

March not only marks the end of winter; it also marks the end of the college application process. The high school senior has much to sort out: Where do I apply? What should my essay be about? Then comes the waiting and worrying: Will they like me? Will I get in? Admission decisions start coming as early as December and continue through the end of March. This is a time of great tension for most students I've seen go through it. And after all the thick and thin envelopes have been opened, the big question looms: Where should I go?

I watched my oldest daughter navigate this process a year ago; my son tackled it this year. I've come to realize that the admissions process is just one phase in an anxiety ridden rite of passage: the transition from childhood into adulthood. Over the last month, I've read several articles about transition. I was particularly struck by author William Bridges's definition of **transition** as **a gradual psychological reorientation that happens inside us as we try to adapt to change.** With my oldest daughter, the transition from high schooler to independent college student – from submitting her first application to realizing that she'd made the right choice – took about 15 months. As she moved firmly into the second semester of her first year, I heard an excited new tone in her voice. She's on her way!

Mr. Bridges, a California-based consultant and former literature professor, breaks transition into three phases: 1) endings, 2) a neutral zone, and 3) new beginnings. For the college transition to be successful, our kids have to say goodbye to a familiar past while walking into an uncertain future. My son knows that he is going to college this fall; high school is ending. He is now in that uncomfortable neutral zone in which he is uncertain about where he'll go and is wracked by countless worries: Will I like the school I chose? What about my roommate? Will college be fun? Will the work be hard? Will I succeed?

From the outside, it seems confusing. Why aren't these kids happier? They've worked really hard and they've earned the opportunity to go to college. What great news! Fond memories of our own experience come flooding back. But our kids don't have the benefit of our hindsight. College is uncharted territory; uncertainty can be scary.

The current investment landscape offers parallels. For the last six years, investors have operated in an "easy money" environment. Like tutor-hiring parents who fear for their children's grades, the U.S. Federal Reserve (the "Fed") has purchased billions upon billions of dollars' worth of bonds to keep long-term interest rates low. The Fed believes this will help the economy earn better grades. To further their cause, the Fed cut short-term interest rates to zero and kept them there. These actions appear to have worked. The economy is growing reasonably and unemployment is falling. In effect, the economy has earned the grades to get into college; now it's time to see how our students do on their own.

Like anxious parents, many investors are worried about the transition to a self-sustaining environment. "Will my kid gets good grades in college without a tutor?" becomes "Will the economy continue to grow in the face of higher rates?" The market is in what Bridges would call a transition neutral zone – the period of greatest uncertainty. The Fed has been clear: interest rates are going to start increasing.

What isn't clear is the pace of those increases. To me, this is welcome news; the Fed is saying they are increasingly confident the economy can manage on its own.

Uncertainty – what impact will higher interest rates have?

Not only has the Federal Reserve made clear their intention to raise interest rates, they have also given investors some clues as to magnitude. The pronouncements of the Federal Reserve's Open Market Committee include a consensus view that, in a more normal environment, the Fed Funds rate should be around 3.75%. Relative to the current level of 0.00%, there are big rate increases coming.

If investors become convinced that rates are going up significantly, they may begin to liquidate some of their fixed income investments because as interest rates rise, bond prices fall. Where might that money go? Perhaps cash balances will simply grow, but with cash offering returns below the rate of inflation, investors lose purchasing power by holding cash. Perhaps funds will flow into real estate or commodities, but given the track record of those asset classes in the last five to ten years, that seems less likely. That may leave stocks as the most attractive asset class for the time being. I can imagine investors driving prices higher at a rate faster than earnings are growing. It doesn't seem unreasonable to believe the ratio of price to earnings could grow to 20 times before the market reaches a peak.

One of my worries about the market phase we are transitioning into is that it may lead us to become too conservative too soon. While some commentators are concerned that rising interest rates will soon lead to a big decline in stock prices, I can more easily imagine the opposite. If the transition to higher interest rates results in excessive valuations for equities, our portfolios could produce positive investment results that lag the returns of the S&P 500. That may be the result of our taking a more conservative posture in the interest of managing risk. Price matters: as prices rise, the risk of loss grows.

A note on risk: while many market participants describe risk as deviation from some market benchmark (like the S&P 500), we at Poplar Forest define risk as permanent losses of capital. Part of the current love affair investors are having with index funds is their lack of deviation risk (a.k.a. tracking error). While investing in an index fund reduces the risk of generating a below market return, it also reduces the chance of beating the market. With the S&P 500 having produced a compound total return of almost 15% over the five years ending 3/31/15, just keeping pace seems like a great idea. However, index fund providers keep buying as stock prices climb and, as a result, index funds bare the full brunt of any bear market.

I am hopeful that Poplar Forest's investment process, with its attention to risk and a 15% hurdle rate on new investments, will allow us to do better than the indices when lean times arrive. That said, we may underperform in the stage of the cycle where stocks move from fairly valued to overvalued. As I reflect on my behavior, there is a good chance that I'll need to strive to not jump the gun in growing too conservative too soon in the later stages of this investment cycle.

I don't know when the next bear market will come. The odds of a bear market coming soon seem low for reasons I've already mentioned. The economy is growing in what appears to be self-sustaining fashion. Continued economic growth should allow corporate earnings to continue to advance once we get past a couple current headwinds. Valuations appear reasonable. And finally, we believe **<u>the Fed is not trying to slow the economy</u>**. This last point is important. While the Fed has signaled its intention to raise interest rates, their posture is one of removing stimulus – they are taking their foot off the gas. If the Fed were raising rates to slow the economy – putting their foot on the brakes – I'd be far more concerned. I watch the shape of the yield curve closely in assessing the Fed's intentions. At present, the yield curve is positively sloped; if the curve inverts, we'll likely take a very defensive posture.

As I look ahead, the outlook for stocks appears positive given the factors discussed above. This could be augmented by additional inflows into equities if investors liquidate bonds in anticipation of higher rates. Such behavior could push stocks from fairly valued into the zone of excessively valued. If we see evidence of this behavior, we'll act accordingly. Likewise, if the yield curve inverts, we'll take a more defensive posture in the portfolio. Until then, we will focus on identifying (from the bottom up) what we hope will be great individual investments. Given that we're in the uncertain zone of transition from easy money to more normal monetary policy, we may have to live with increased market volatility. As a result, we may hold a little extra cash to provide us with funds to deploy in market corrections.

In closing – Thank you

This is also an exciting time of transition for Poplar Forest. You may have noticed the new logo. A new website is in development and work is underway to enhance the IT systems we use to manage portfolios. We are also adding to the team. John Blau, currently the President of Oppenheimer Asset Management, will soon be leading our marketing and client service efforts. We've added administrative support and two interns will join us this summer (twice what we've hired in the past) as part of our plan to eventually grow the analyst team from four to six. We'll be expanding our office space to accommodate this growth.

We launched the Outliers and Cornerstone funds at the end of 2014. In the pages that follow, you can read about the results of those funds while getting some summary comments from the portfolio managers responsible for the funds.

After seven and a half years of hard work by a great team of associates, we find ourselves in a very strong position and with a bright future. None of this would be possible without the confidence expressed by our thoughtful, long-term client partners who have entrusted us with their money. We will continue to do what we've done from the beginning: invest alongside you in our funds with the goal of generating market beating, long-term returns. Thank you for making this possible!

Dale

J. Dale Harvey
April 2, 2015

Note: for more on William Bridges, see www.wmbridges.com

More on the Poplar Forest Family of Funds

In the pages that follow, you'll find a discussion of our three mutual funds: the Poplar Forest Partners, Outliers, and Cornerstone Funds. Partners, our flagship fund, is focused on out-of-favor large and mid-sized companies. Outliers is focused on under-appreciated medium sized and smaller companies. Cornerstone, our most conservative fund, is focused on protecting and growing investors' purchasing power through investments in both common stocks and bonds.

As you will see in the pages that follow, our investment portfolios lagged the broad indices in the first quarter. We faced a couple fundamental headwinds in the quarter: energy prices and the appreciating dollar. These headwinds impacted the Partners and Cornerstone funds the most as they have greater exposure to large, multinational companies than does the Outliers Fund.

While the economic environment in the U.S. appears sufficiently positive to lead the U.S. Federal Reserve to start the process of normalizing interest rates, that is not the case overseas. Economic growth in emerging markets has been disappointing, and Europe continues to battle a lethargic economy and potential deflation. As a result, the prices of many commodities have fallen and the U.S. dollar has strengthened. The dollar appears to be responding to the current environment of higher interest rates in the U.S. relative to other developed markets. In the short-term, the strong dollar cuts the price of imported goods (good news for consumers), but it also reduces the value of overseas profits (bad for companies with non-U.S. operations). The net result of the strong dollar and weak oil prices has been a material reduction in corporate earnings estimates and that may explain the relatively lackluster performance of stocks in the first quarter of 2015.

With energy and other commodity prices having fallen dramatically, this would appear to be an environment in which bargains could be found. We are spending a great deal of time looking for new investments in the area, but most of the stocks we look at appear to embed expectations for dramatic improvement in prices. While we believe oil prices may return to $75 over the next couple years, we do not appear to be alone in that belief and, as a result, we haven't identified any new energy investments despite our continued investigation. If investors capitulate and give up on a recovery in oil prices, we may yet get a chance to meaningfully increase our exposure to energy stocks.

POPLAR FOREST PARTNERS FUND

Portfolio Manager: J. Dale Harvey

Average Annual Total Returns as of March 31, 2015

	1Q 2015	1 Year	3 Years	5 Years	Since Inception
Poplar Forest Partners Fund:					(12/31/09)
Class A shares; with load	-5.60%	-0.46%	+15.56%	+11.87%	+13.35%
Class A shares; without load	-0.63%	+4.78%	+17.56%	+13.02%	+14.47%
Institutional Class shares	-0.59%	+5.06%	+17.86%	+13.31%	+14.76%
S&P 500 Index	+0.95%	+12.73%	+16.11%	+14.47%	+14.88%

Expense Ratio A Shares: 1.40% Gross; 1.26% Net of fee waiver
Expense Ratio Institutional Shares: 1.15% Gross; 1.01% Net of fee waiver

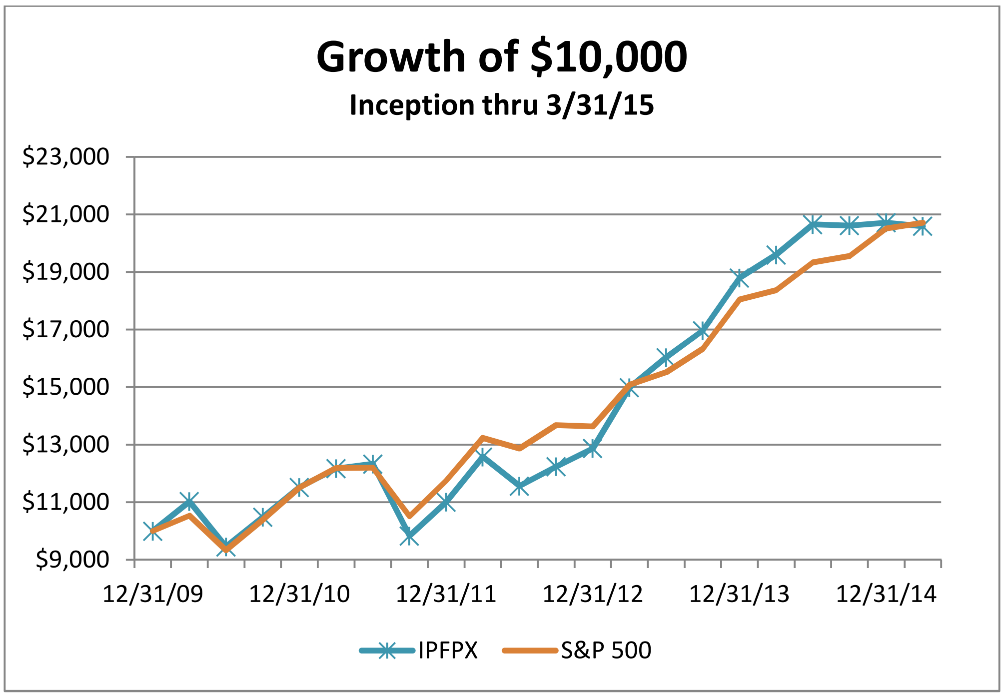
Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 877-522-8860. Performance for Class A Shares with load reflects a maximum 5.00% sales charge. Class A shares without load does not take into account any sales charges which would reduce performance. Expense Ratio Net of fee waiver reflects contractual fee waiver in effect through at least 1/27/2016.

Commentary from J. Dale Harvey, Portfolio Manager:

While stocks, as measured by the S&P 500, produced a very modest gain to start the year, our portfolio generated a small loss. The biggest positive contributors to our results during the quarter were Aetna, Quest Diagnostics and Baker Hughes. The biggest detractors to our results during the quarter were Hewlett-Packard, Rowan Companies and Microsoft. Looked at by industry, our healthcare holdings added the most to our results while our consumer investments were most detrimental to the Fund's short-term performance.

Given our focus on long-term investing, we tend to focus more on our long-term results. On an absolute basis, we are pleased with what we've been able to accomplish since launching the fund over five years ago. When we judge our results, we tend to focus on the Fund's Institutional Class shares (IPFPX). While the Fund has not kept pace with the S&P 500 in recent quarters, we are pleased to have generated annual returns of 14.8% for the Institutional Class shares since the fund's inception. In comparison, the S&P 500 has produced a 14.9% return during this period.

The chart below is a hypothetical representation of how $10,000 would have grown had it been invested in either the Institutional Class shares of the Fund (to $20,589) or in the S&P 500 (to $20,709). If we are successful, the gap between the lines on the chart will widen over time.



Past performance does not guarantee future results. This chart illustrates the performance of a hypothetical $10,000 investment made in the Fund since the Fund's inception on 12/31/2009. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees.

POPLAR FOREST OUTLIERS FUND

Portfolio Manager: Steve Burlingame, CFA

Average Annual Total Returns as of March 31, 2015

	1Q 2015	1 Year	3 Years	Since Inception (12/31/11)	Since Inception (12/31/14)
Poplar Forest Outliers Fund:					
Class A shares; with load	-4.07%				-4.07%
Class A shares; without load	-1.00%				-1.00%
Institutional Class shares	+1.04%	+10.55%	+19.00%	+23.45%	
Russell Midcap® Index	+3.95%	+13.68%	+18.10%	+21.05%	+3.95%

Expense Ratio A Shares: 2.56% Gross; 1.36% Net of fee waiver
Expense Ratio Institutional Shares: 2.31% Gross; 1.11% Net of fee waiver

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 877-522-8860. Performance for Class A Shares with load reflects a maximum 5.00% sales charge. Class A shares without load does not take into account any sales charges which would reduce performance. Expense Ratio Net of fee waiver reflects contractual fee waiver in effect through at least 1/27/2016.

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.

The performance shown prior to December 31, 2014 is that of the Predecessor Partnership and includes expenses of the Predecessor Partnership. Simultaneous with the commencement of the Fund's investment operations on December 31, 2014, the Predecessor Partnership converted into the Institutional Class of the Fund. The Predecessor Partnership maintained an investment objective and investment policies that were, in all material respects, equivalent to those of the Fund. The performance returns of the Predecessor Partnership are unaudited and are calculated by the Adviser on a total return basis. The Predecessor Partnership was not a registered mutual fund and was not subject to the same investment and tax restrictions as the Fund, which, if applicable, may have adversely affected its performance.

Commentary from Steve Burlingame, Portfolio Manager:

Skiing inspires me. I treasure the majesty and rugged beauty of the mountains, the opportunity to find your own line through the snow, and that magical feeling of flow when you lean into your fear and follow the turns the mountain presents. Unfortunately, this past winter in the Sierras left most skiers (including me) frustrated by a lack of good snow. If you believe, as I do, that skiing is a dance and the mountain always leads, then this was a season of slow dancing. As I was scouring the mountain for the best snow, I was struck by how many skiers had simply resigned themselves to skiing the tracked out and crowded groomed trails. Everyone seemed so anxious to be on the snow that they never considered whether their day might end better if they spent some time riding lifts to identify where on the mountain the best snow was hiding. In life and business, I usually prefer less, higher quality activity to more, lower quality activity. In a world obsessed with constant stimulation, I'm at peace patiently picking my spots. The hordes of skiers trampling the slushy groomers didn't seem to care that the easy snow wasn't good snow. Not only was the risk of injury elevated for these skiers due to the thin cover but the rewards seemed paltry since there was no room to build up any speed. Thankfully for me, after a little over an hour of lift riding, there was some good snow to be found off of a slower moving, two-person lift (Chair 14) on the far side of the mountain. I skied it with aplomb. Investing in today's market environment reminds me of my ski trip. The risks of a fall for the average stock appear to be rising and, similar to finding good snow, finding good investments requires increased measures of patience and selectivity, in my opinion.

For a more in depth update on my views and our portfolio please visit the link for "Poplar Forest Outliers Fund – Quarterly Commentary 3/31/2015" at www.poplarforestfunds.com.

Investment Results:

During 1Q'15, the fund's Institutional Class shares generated a positive return of 1.04% which was lower than the Russell Midcap Index® return of 3.95%. Our goal is not to outperform every quarter or even every year but rather to generate market-beating annualized returns over a full market cycle. Our annualized returns since inception have exceeded this goal.

Our investments in the Industrials and Healthcare sectors contributed the most to our relative returns whereas our investments in the Consumer Discretionary and Information Technology sectors detracted the most. We continue to believe that attractive risk / reward profiles exist among companies positioned to benefit from a recovery in spending on infrastructure and non-residential capital expenditures in the U.S. and Europe. This belief informs our relatively high exposure to companies in the Producer Durables / Industrials sectors. It is worth noting that the Fund has no exposure to Utilities or Real Estate Investment Trusts (REITs). Many of these companies pay investors high dividend yields and are often viewed as fixed income equivalents. Over the next three to five years, investors may become less interested in Utilities and REITs if interest rates on competing fixed income assets rise.

During the quarter, we initiated investments in Gildan Activewear (GIL) and Zynga (ZNGA). While I trimmed various existing holdings over the last three months, no investments were exited. The Fund continues to look quite different from the Russell Midcap Index® with notably higher allocations to the

Producer Durables / Industrials and Healthcare sectors and notably lower allocations to the Financials, Utilities and Consumer Discretionary sectors.

POPLAR FOREST CORNERSTONE FUND

Portfolio Managers: J. Dale Harvey and Derek Derman

Average Annual Total Returns as of March 31, 2015

	1Q 2015	1 Year	3 Years	Since Inception (12/31/14)
Poplar Forest Cornerstone Fund:				
Class A shares; with load	-5.55%	N.A.	N.A.	-5.55%
Class A shares; without load	-0.56%	N.A.	N.A.	-0.56%
Institutional Class shares	-0.48%	N.A.	N.A.	-0.48%
S&P 500 Index	0.95%	N.A.	N.A.	0.95%
Barclays Aggregate Bond Index	1.61%	N.A.	N.A.	1.61%

Expense Ratio A Shares: 2.39% Gross; 1.17% Net of fee waiver
Expense Ratio Institutional Shares: 2.14% Gross; 0.92% Net of fee waiver

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 877-522-8860. Performance for Class A Shares with load reflects a maximum 5.00% sales charge. Class A shares without load does not take into account any sales charges which would reduce performance. Expense Ratio Net of fee waiver reflects contractual fee waiver in effect through at least 1/27/2016.

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.

Commentary from Derek Derman, Co-Portfolio Manager:

The Cornerstone Fund is designed to offer clients a lower volatility option for investing in Poplar Forest's long-term contrarian value strategy. By building a balanced portfolio of debt and equity securities, the Fund seeks to deliver superior, risk-adjusted returns over full market cycles. Equity and fixed income weightings will be tactically allocated based on prospective return potential and risk factors although equity exposure will not generally exceed 75% of net assets.

As we exit the first quarter of the year, the Fund's positioning reflects our preference for equity securities over fixed income. The Federal Reserve is signaling its intention to raise interest rates later this year. We view this decision as the right one and one that should not be feared. The Fed has no intentions of slowing the economy – only beginning the normalization process. However, even modest increases in interest rates will hurt bond prices and we feel keeping duration low and waiting for better returns makes the most sense. On the other hand, equity valuations are reasonable. They are no longer deeply discounted as multiple expansion coming out of the financial crisis has led to many years of solid equity returns. This means finding values is more challenging, but not unreasonable. We will continue to be vigilant in our value pursuit and not waver. If equity valuations become inflated – which is entirely possible given the lack of alternatives – you will see the fund increase fixed income exposure.

Investment Results and Operations:

Given our focus on protecting and growing investors' long-term purchasing power, we will focus on our long-term results relative to inflation. At this point, we don't have long-term results on which to focus as the fund has only been in operation for three months. In the first three months of operations, our portfolio generated a small loss. The biggest positive contributors to our results during the quarter were Pfizer, GlaxoSmithKline plc and TE Connectivity. The biggest detractors to our results during the quarter were AbbVie, Proctor & Gamble and Bank of America.

The fund was formed by an in-kind transfer of a dozen equity securities from two clients of Poplar Forest Capital and cash contributions by the fund's portfolio managers and Poplar Forest Capital LLC. In the first three months, our focus was building out a short duration, high quality bond portfolio equal to roughly 25% of fund assets – the low end of our expected range of 25-50% of fund assets in fixed income securities. In addition, we have further diversified the equity portfolio from the original 12 stocks to 29 equity investment at March 31, 2015. Over time, the fund will likely own 25-40 individual stocks. The fund finished the quarter with roughly 10% of assets in cash and equivalents which gives us funds to deploy in a market correction.

The Funds' objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information and can be obtained by calling (626) 304-6000 or by visiting www.poplarforestfunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The funds may invest in debt securities which typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The funds may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging markets. Investing in small and medium sized companies may involve greater risk than investing in larger, more established companies because small and medium capitalization companies can be subject to greater share price volatility. The Funds may invest in options, which may be subject to greater fluctuations in value than an investment in the underlying securities. When the Cornerstone Growth Fund invests in other funds and ETFs an investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments.

As of March 31, 2015, the Poplar Forest Partners Fund's 10 largest holdings accounted for 44.06% of total fund assets. The Fund's 10 largest holdings at March 31, 2015:

Baker Hughes – 4.86%
Quest Diagnostics – 4.70%
Lincoln National – 4.59%
Eli Lilly – 4.57%
TE Connectivity – 4.54%
Aetna – 4.53%
Citigroup – 4.16%
American International Group – 4.14%
Metlife – 3.99%
AECOM– 3.98%

As of March 31, 2015, the Poplar Forest Outliers Fund's 10 largest holdings accounted for 49.12% of total fund assets. The Fund's 10 largest holdings at March 31, 2015:

AECOM – 6.42%
NN – 5.47%
Quest Diagnostics – 5.43%
Checkpoint Software Technologies – 4.82%
CIT Group – 4.78%
Humana – 4.76%
Aetna – 4.67%
UTi Worldwide – 4.34%
Progressive – 4.31%
Dun & Bradstreet – 4.12%

As of March 31, 2015, the Poplar Forest Cornerstone Fund's 10 largest equity holdings accounted for 34.32% of total fund assets. The Fund's 10 largest holdings at March 31, 2015:

GlaxoSmithKline PLC - 3.99%
3M Co. – 3.73%
IBM – 3.63%
Pepsico Inc – 3.55%
Johnson & Johnson – 3.49%
Emerson Electric Co. – 3.29%
Proctor & Gamble Co. – 3.18%
Abbott Labs – 3.29%
American International Group – 3.10%
Baker Hughes – 3.08%

Fund holdings and sector allocations are subject to change at any time, and should not be considered a recommendation to buy or sell any security.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

The Price to Earnings (P/E) Ratio reflects the multiple of earnings at which a stock sells.

The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is not possible to invest directly in an index.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. It is not possible to invest directly in an index.

Active investing has higher management fees because of the manager's increased level of involvement while index investing has lower management and operating fees. Investing in both actively managed funds and index funds involves risk and principal loss is possible. Both actively managed funds and index funds generally have daily liquidity. Actively managed mutual funds may have higher portfolio turnover than index funds. Excessive turnover can limit returns and can incur capital gains.

A hurdle rate is the minimum expected total annual return from an investment over the expected lifetime of the investment.

A yield curve is a line that compares the yield of bonds of equal quality but different maturity dates. In general, bonds with longer maturity dates offer higher yields than bonds with shorter maturity dates, thus producing an upward sloping yield curve..

The Dow Jones Industrial Average is a price weighted index consisting of 30 large, publicly owned companies in the U.S. It is not possible to invest directly in an index.

Poplar Forest Capital LLC is the advisor to the Poplar Forest Partners Fund which is distributed by Quasar Distributors, LLC.