Clifford CAPITAL FUNDS

Clifford Capital Focused Small Cap Value Fund

Quarterly Commentary – First Quarter 2023

Performance Summary

		Average Annual Returns as of March 31, 2023				
	1st Quarter	1-Year	3-Year	5-Year	Inception (10/1/2019)	Total Return, Inception (10/1/2019)
Institutional Class (FSVVX)	-2.30%	-12.22%	22.19%	n/a	6.16%	23.25%
Russell 2000® Value[1]	-0.67%	-12.98%	20.97%	n/a	6.79%	25.83%

		Average Annual Returns as of March 31, 2023				
	1st Quarter	1-Year	3-Year	5-Year	Inception (1/31/2020)	Total Return, Inception (1/31/2020)
Super Institutional Class (FSVQX)	-2.31%	-12.22%	22.24%	n/a	6.97%	23.78%
Investor Class (FSVRX)	-2.40%	-12.45%	21.83%	n/a	6.64%	22.56%
Russell 2000® Value	-0.67%	-12.98%	20.97%	n/a	6.04%	20.39%

**Expense Ratio Gross/Net: FSVVX 2.65%/1.05%; FSVQX 2.40%/0.97%; FSVRX 3.01%/1.30%

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, 2024.

Performance Summary and Market Observations

The Clifford Capital Focused Small Cap Value Fund ("the Fund") fell slightly during the first quarter, underperforming its benchmark. We were encouraged coming into 2023 given a strong fourth quarter of 2022 that was led by both Deep Value and Core Value stocks, which was the first time both sleeves had performed well at the same time in a couple of years. That reversed somewhat in the first quarter as Core Value stocks underperformed (down 5.8%, based on our internal calculations) led by regional bank investments, while Deep Value stocks outperformed (up 2.0%, based on our calculations) driven by a strong start to the year, partially offset by weakness in March.

The Fund's exposure to regional banks detracted from this quarter's results, but it was not the sole reason for the underperformance. While there are typically a few stock-specific events we can point to as reasons for underperformance or outperformance, we think the primary driver of this quarter's results was a sudden change in investor sentiment and positioning that accompanied the banking turmoil in March. We believe that many investors began flocking to large cap stocks (and particularly large cap technology stocks) and fled from companies that are smaller and more sensitive to the economy and credit markets (a good definition of many of the Fund's Deep Value holdings). We attribute this behavior to increased worries about recession and tighter credit markets, catalyzed by banking stress.

1 The Russell 2000® Value Index ("RUJ") 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).

Given the Fund's high weighting in Deep Value companies (almost 46% as of March 31) that tend to be more economically sensitive, this was a painful stock market rotation. We have maintained our conviction in our investments, and we believe Deep Value stocks continue to be very compelling today.

We think recession is a likely outcome with or without the banking issues, but it appears to us that the stock market now believes the Fed will begin lowering interest rates in the near future, which helps explain investors' renewed affinity for large cap technology stocks and growth stocks, which benefited in the past from low rates. We believed the Fed's attempt to combat inflation through higher rates while navigating a "soft landing" for the economy was a tough job and that something bad was likely to happen (in our last letter we likened this to trying to land a 747 jumbo jet on a municipal airport runway that's meant for little Cessna prop planes). It now appears that one of these bad outcomes was liquidity stress in the banking sector that could potentially lead to less credit availability and a slowdown in the economy, if not a full-blown recession.

As we discussed in our last quarterly letter, we believe recessionary conditions have been reflected already in the low valuations of many of our investments. While the comments below relate to 2022, we think they continue to be applicable today after the Fund's decline in the first quarter:

> In our view, most of the Fund's Deep Value holdings are trading as if a recession is already priced in, so we view the Fund's—and the benchmark's—2022 declines as simply a cyclical downturn in anticipation of a probable economic decline. We think Deep Value stocks typically recover well before recessions officially end and at points that are difficult to ascertain beforehand (isn't the future always difficult to predict??!!), so we're content holding on to our investments that are fighting recessionary conditions today, but whose long-term Key Thesis Points™ ("KTPs") are still intact, coupled with valuations that are compellingly low, in our view.

We were disappointed with the first quarter's results, but we continue to believe that the Fund is undervalued today—the best value we have seen since the Pandemic-related declines in 2020.

Regional Banks

The sudden failures of several banks in the United States in March (beginning with the shocking collapse of Silicon Valley Bank, which experienced a run on deposits of over $40 billion in one day), led to widespread worries about the potential of more bank runs, which would jeopardize the health of the U.S. banking system. Adding to the angst, Credit Suisse in Switzerland, which has been struggling for a while with several major snafus, was also acquired by UBS in a government-brokered deal to help prevent a more systemic problem if Credit Suisse's clients/depositors suddenly fled. Many bank stocks fell significantly during the quarter because of worries about the health and liquidity of banks, especially smaller banks.

The U.S. government guaranteed that all depositors, not just those protected by FDIC insurance, would be protected for the banks that failed in March. The Fed also provided significant new sources of contingent liquidity that banks could use if they need cash because of a bank run, or—more likely—an increase in deposit withdrawals. We think these actions have led to more stability and better confidence in the banking system.

Some may view the government's intervention in the banking system as a bailout. While there is some truth to this, we view it more like the government throwing out some life jackets to banks that were at risk of drowning, rather than rescuing them onboard a finely appointed luxury liner. These proverbial life jackets should keep banks from going under (risk of sudden failure from bank runs or major deposit withdrawals), but we do not expect smooth sailing for banks that need these "life jackets" because government-provided funds are much more expensive than low-cost customer deposits.

The Fund has historically had a relatively significant weighting in select regional bank investments although we began to pare it back in late 2022 after we began seeing signs that bank fundamentals were starting to peak. The Fund's weighting in regional bank investments has declined by about half since September 30, 2022, from ~24.7% to ~12.3% as of March 31, 2023.

We believe the Fund's remaining bank investments are differentiated and we have identified Key Thesis Points™ that we think can improve the fundamental performance of each company. One of the most common Key Thesis Points™ for our bank investments is consolidation—accretive purchases of other banks that we believe will improve the earnings power of our bank investments. While this quarter was a disappointment for most of our banks' stock prices, we think the odds of significant consolidation are higher today than they were prior to this most recent crisis. And we expect our banks to benefit from consolidation over the long term.

In our view, current conditions will starkly highlight the difference between the best regional banks in the country vs. lesser-quality peers. We welcome this because banks often trade as a group with little differentiation between the best of the breed and the others. We believe our bank investments are among the best in the country and are compelling investments today.

Recession Concerns and a Rapid Rotation

As mentioned in our introductory comments above, we think this quarter's banking crisis led to a very rapid change in investor sentiment and a trade rotation away from companies deemed to be more economically sensitive or with greater needs for credit availability. Specifically, we observed that: 1) large cap stocks outperformed small cap stocks; and 2) Technology stocks led the charge. We believe this abrupt change in sentiment and market positioning was a headwind to the Fund in the first quarter, but we are encouraged by the attractive undervaluation we see in the Fund today.

We Think Smaller Companies Continue to be More Attractive than Larger Ones

Smaller companies underperformed large ones during the quarter. Large cap outperformance was broad based: at the overall market level and within both Value and Growth areas (see **Table 1**). While we think investors may have been attracted to the relative stability of large cap stocks during a time of uncertainty (seeking refuge), we found it curious that despite the economic worries surrounding the banking crisis, large growth stocks posted a very strong absolute return during the quarter. So, it appears to us that some of the rotation could have been driven by speculative excitement about a return to the "good times" if the Fed were to cut interest rates soon, rather than just worries about a painful recession.

Table 1: Performance of Various Large Cap and Small Cap Indices

	Q1 2023
Russell 1000 *(broad proxy for U.S. large caps stocks)*	7.45%
Russell 2000 *(broad proxy for U.S. small caps stocks)*	2.73%
Russell 1000 Growth *(proxy for U.S. large cap growth stocks)*	14.36%
Russell 2000 Growth *(proxy for U.S. small cap growth stocks)*	6.07%
Russell 1000 Value *(proxy for U.S. large cap value stocks)*	0.99%
Russell 2000 Value *(proxy for U.S. small cap value stocks)*	-0.67%

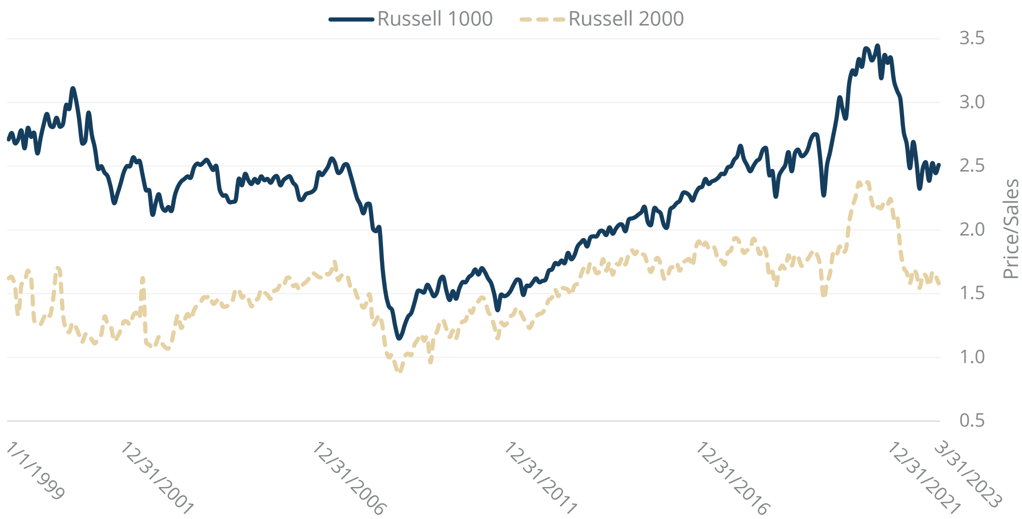
Past Performance does not guarantee future results. Data Source: Bloomberg, as of 3/31/2023

The Russell 1000® Index is a capitalization-weighted index which is designed to measure performance of the largest 1000 companies in the Russell 3000® Index. The Russell 2000® Index is a capitalization-weighted index which is designed to measure performance of the smallest 2000 companies in the Russell 3000® Index. The Russell 1000® Growth Index and Russell 1000® Value Index are capitalization-weighted indices which are designed to measure performance of the Russell 1000® Index companies with higher and lower, respectively, price-to-book ratios and forecasted growth rates. The Russell 2000® Growth Index and Russell 2000® Value Index are capitalization-weighted indices which are designed to measure performance of the Russell 2000® Index companies with higher and lower, respectively, price-to-book ratios and forecasted growth rates.

Numbers presented include the reinvestment of dividends (total return). An investor cannot invest directly in an index. Moreover, index performance does not reflect the deduction of advisory fees, transaction charges, and other expenses.

We also believe that small cap stocks continue to be more attractively valued than large cap stocks. **Figure 1** shows valuation spreads between larger and smaller companies since the beginning of 1999. It compares the Price to Sales ratio[2] of the Russell 1000 index *(proxy for U.S. large cap stocks)*, and the Russell 2000 index *(proxy for U.S. small cap stocks)*.

Figure 1: Valuation Spreads Have Increased Between Large Caps and Small Caps
Price/Sales of the Russell 1000 & Russell 2000 Indices
(January 1, 1999 – March 31, 2023)



Data Source: Bloomberg, as of 3/31/2023

As shown in **Figure 1**, valuation spreads widened significantly over the past decade, and remain wide today with a spread that is similar to the dotcom bubble in 2000, which was an attractive time to buy small cap stocks.

Our approach is to find stocks with low valuations coupled with Key Thesis Points™ that we have found through our fundamental research, which we believe will catalyze fundamental improvements. Buying cheap stocks alone is not enough, in our opinion. Key Thesis Points™, however, are longer-term catalysts, so there are times like the first quarter where market-wide phenomena swamp individual stock fundamentals. Our conviction in our investments remains strong today and we think our Key Thesis Points™ for our holdings are still intact, which gives us confidence for the Fund's longer-term prospects.

The Fund vs. Large Cap Tech

As shown in **Table 1**, the U.S. stock market was led by large growth stocks during the first quarter (many of which are found in the Technology sector). These companies have led the U.S. stock market for many years prior to a difficult 2022, and these stocks experienced a big resurgence in early 2023. We think large cap technology stocks are represented well by the Nasdaq 100 Index[3] ("NDX Index"), which entered a new bull market (20% increase from the latest trough) in late March 2023 as investors flocked back to large tech.

We think many of the large tech companies are solid businesses and we've admired what they have accomplished over the years. We also think that many of these companies' stocks became very expensive, and investors' search for the "next big thing" led to what we think was a bubble in other areas of the stock market prior to 2022.

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2 Price to Sales ratio is the ratio of a company's or index's current market capitalization to its sales over the prior 12 months as of the date of the analysis.

3 The NASDAQ-100 Index ("NDX Index") is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ exchange.

	1st Quarter 2023	1-year	3-year *(annualized)*
NDX Index, total return	20.77%	-10.35%	20.00%

Past Performance does not guarantee future results.

As contrarian investors, we have found what we believe to be compelling small cap investment opportunities in companies that have been overlooked because of, or potentially threatened by, the influence of large technology companies. We think these contrarian investments have underappreciated value because they may be growing slower, are out of favor, or are adapting to new innovations and threats driven by technology companies. Because we've found many of our investments on the "other side" of the popular large cap technology trade, we've observed that in periods where the NDX Index performs well, the Fund's performance tends to struggle, and vice versa.

Clifford Capital performed a study of how the Fund has performed since its inception during any period when the Russell 3000® Value[4] index ("RAV Index" - a broad market index of U.S. value stocks) outperformed the NDX Index by at least 5% (a "Value period") before subsequently underperforming by a similar 5% (a "Tech/Growth period"). There have been 15 such Value periods and 16 Tech/Growth periods since the inception of the Fund on April 1, 2016. We noted the statistics in **Table 2** from these periods of time.

Table 2: Value and Tech/Growth Periods, since inception

(October 2, 2019 – March 31, 2023)

	15 Value Periods, compounded	16 Tech/Growth Periods, compounded
FSVVX	206%	-60%
RUJ Index (benchmark)	148%	-49%
NDX Index	-60%	338%
Frequency of outperformance (Fund > RUJ)	10/15 periods	5/15 periods
Frequency of outperformance (Fund > NDX)	15/15 periods	1/15 periods

Past Performance does not guarantee future results.

As shown in **Table 2**, the Fund performed well during Value periods and not very well during the Tech/Growth periods. This has been true for the Fund's absolute returns and its returns relative to its benchmark. The Fund's performance results relative to its benchmark were much stronger in both frequency and magnitude of outperformance during Value periods.

While it provides little consolation to us during Tech/Growth periods, we note that many U.S. investors have a high weighting to Tech/Growth stocks, so those investments tend to perform well when the Fund does not, but the Fund provides a good offset to that Tech/Growth weighting during the Value periods, when investors want and expect their Value managers to perform well. As such, we believe the Fund acts as a very good complement to tech-heavy allocations.

We attribute much of the Fund's divergence between Value and Tech/Growth periods to our contrarian nature, where we've found many of our favorite investments among companies that have been overlooked or are misunderstood because of the popularity of many widely owned tech and growth stocks. We also have observed that during the Tech/Growth periods, stock valuations are a secondary (or lower) consideration. In fact, it is during these recent Tech/Growth periods that we've seen some of the highest and some of the lowest valuations we've ever witnessed – it almost feels as if valuation simply doesn't matter. But we will not deviate from our discipline of buying companies at what we think are low valuations.

4 The Russell 3000® Value index is a capitalization-weighted index which measures the performance of Russell 3000 index companies, respectively with lower price-to-book ratios and lower forecasted growth values. Index returns include the reinvestment of dividends (total returns).

During the Value periods, however, we have observed that companies with lower valuations tend to outperform as investors seek bargains (when valuation seemed to matter again).

The Q1 Tech/Growth Period was Unusually Strong

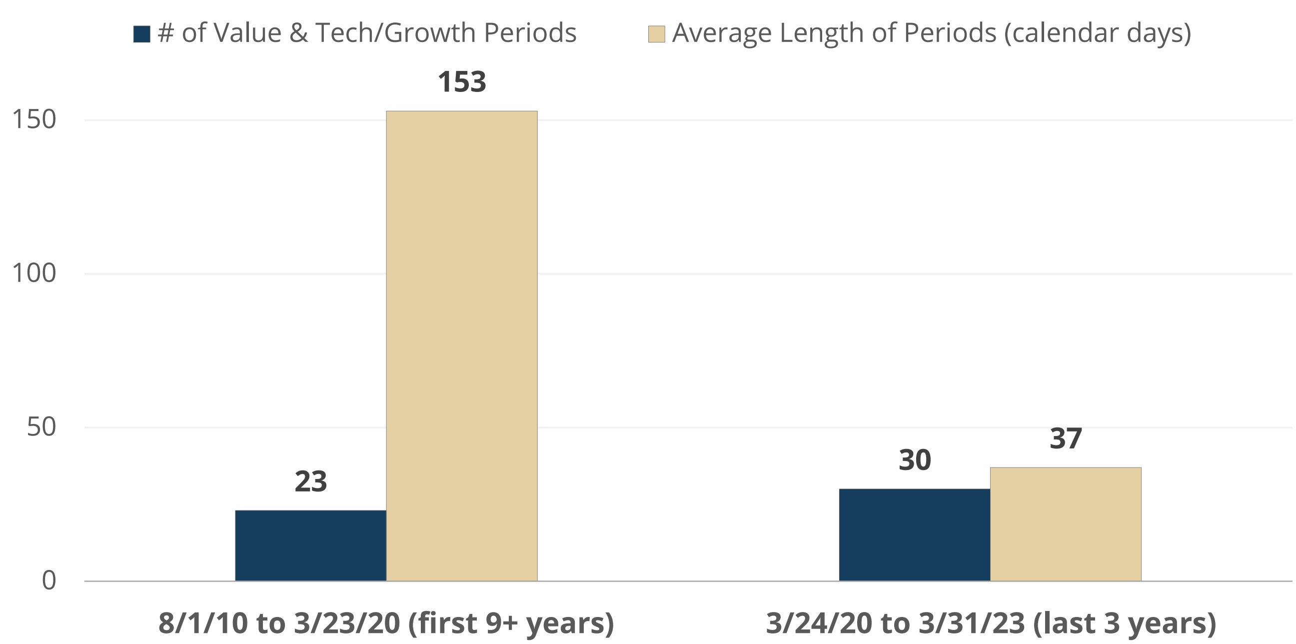
After a relatively long Value period (August 5, 2022 – January 5, 2023), we witnessed one of the strongest Tech/Growth periods since the inception of Clifford Capital Partners in 2010. From January 5, 2023 until March 31, the NDX Index outperformed the RAV Index by over 22%, which is the third largest margin of NDX Index outperformance in any Tech/Growth period since August 1, 2010 (inception of Clifford Capital's flagship All Cap Value strategy), and the period is still ongoing as of March 31, 2023. It has also been rapid. We think this was a particularly stiff headwind during Q1 to the Fund.

Table 3: Unusually Strong Tech/Growth Periods

Tech/Growth Period	NDX Index	RAV Index	Difference	Calendar Days
May 7, 2014 – Dec 8, 2015	35.0%	4.7%	30.3%	580
Jun 3, 2019 – Mar 23, 2020	1.3%	-28.2%	29.5%	294
Jan 5, 2023 – Mar 31, 2023	23.0%	0.5%	22.5%	85

One other observation of the Value and Tech/Growth periods that we've found interesting was a notable increase in the frequency of these periods since the pandemic-related stock market bottom was reached in early 2020. The market has see-sawed between value and tech in quick fashion in the last 3 years, as 15 short-term Value periods and 15 Tech/Growth periods have occurred since March 2020 – an average of about 10 such periods per year. During the prior 9+ years (August 2010 – March 2020) there were only 11 Value periods and 12 Tech/Growth periods – an average of less than 2.5 periods per year. We view this increased vacillation between Value and Tech/Growth as a sign of stock market uncertainty, which we think is a fertile field for finding opportunities, but also a more volatile environment.

Figure 2: Frequency and Length of Tech/Growth and Value periods



During this post-Pandemic period, the Fund's absolute and relative performance has also reflected more vacillation and volatility, based on whether value or tech was in favor with the market (we've likened this to a light switch). This quarter was a particularly striking example of this, as the suddenness and magnitude of the current Tech/Growth period was more acute than normal, which we believe had a significant impact on the Fund's performance results.

To be clear, we do not believe these Fund ebbs and flows are solely attributable to whether the market is in a Value or a Tech/Growth mood. We always focus more on our investments' Key Thesis Points™ and the fundamentals and valuations of the companies we've invested in. On this basis it was not an abnormal quarter for most of the Fund's holdings. Some companies' fundamentals were better-than-expected, and others were worse-than-expected, but it was not an outlier quarter, in our opinion.

It feels to us lately like the stock market is being driven more by investors looking for the next great trading opportunity, striving to predict where the market is going to rotate next, rather than investing in individual companies. We view this as a great long-term opportunity for investors with the patience and discipline to adhere to their individual stock analysis even when the overall market isn't.

Conclusion

Overall, we think the Fund continues to be positioned well in companies that we believe are attractively valued and in stocks that we believe have significant long-term promise, regardless of whether we continue to jump between Value periods and Tech/Growth periods. We think market conditions have led to solid investment opportunities that we believe will be worth the occasional short-term pain, like we've experienced during the first quarter's bank scare.

Significant Fund Changes

We sold one Core Value stock, First Hawaiian (ticker: FHB – 0.00% weight at 03/31/23) during the quarter.

Sale

FHB: As the regional bank stress began to multiply with Silicon Valley Bank's demise, we chose to sell First Hawaiian to reduce the Fund's overall exposure to the industry, and because we believed it was the least likely bank in the Fund to benefit from the upheaval in the industry. Specifically, we think FHB is unlikely to participate meaningfully in industry consolidation, so we sold it and used some of the proceeds to add to other banks in the Fund that we believe will benefit.

Individual Stock Performance

Contributors: The two greatest contributors during the quarter were Core Value stocks Winmark Corp. (ticker: WINA – 6.27% of the Fund at 03/31/23) and Deep Value stock VOXX International (ticker: VOXX – 4.09% of the Fund at 03/31/23).

WINA: Winmark (a licensor of secondhand goods retail stores) posted strong results during the quarter and we believe the company's brands tend to do better in times of economic hardship, which we think has led to improved sentiment for the stock. We think if consumer budgets are constrained, there should be increased demand for secondhand goods from both consumers and potential franchisees.

VOXX: VOXX posted slightly better than expected financial results during its most recent earnings report. Additionally, its largest shareholder—a private equity professional—who has been taking a more active role with the company in recent years, was promoted to President of the company in Q1. We view this promotion as a sign of potential strategic change that could benefit shareholders, and we believe it is part of the reason the stock performed well during the quarter.

Detractors: The two largest detractors were Core Value stock CVB Financial stock (ticker: CVBF – 3.35% of the Fund at 03/31/23) and Deep Value stock KLX Energy (ticker: KLXE – 3.02% of the Fund at 03/31/23).

CVBF: CVB Financial fell sharply in March as regional bank stress affected many California-based banks, especially those that have a concentration in business customers. We believe CVB is a solid bank (was rated by Forbes magazine as the nation's top bank 3 out of the last 4 years), with strong risk controls and a well-diversified, long-tenured customer base. While it is difficult to forecast the potential of depositor panic, similar to what affected several other banks recently, we believe CVB's relationships with its customers are strong and we also think the bank is in a good position to pick up market share from weaker competitors in its region. We also believe CVB will be an active participant in acquisitions of other banks (we think consolidation will be one of the near to medium-term effects of the current bank crisis), which we think will increase its earnings potential.

KLXE: KLX Energy's earnings and liquidity profile continued to improve during the quarter, but oil prices declined, given recessionary worries, and oil-related stocks dropped with oil prices. We also noted that KLXE sold some shares of stock during the quarter, using the proceeds to reduce debt, but diluted existing shareholders. We were not pleased by this dilution, but we think the effect was relatively modest and we think the stock remains undervalued 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.***

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

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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