Clifford Capital Partners Fund

Quarterly Commentary – Third Quarter 2024

Performance Summary

	3rd Quarter 2024	Year-to-Date 2024	Average Annual Returns as of September 30, 2024 1-Year	3-Year	5-Year	10-Year	Inception (1/30/2014)	Total Return, Inception (1/30/2014)
Institutional Class (CLIFX)	11.98%	9.09%	21.66%	4.20%	9.46%	9.06%	9.72%	169.03%
Investor Class (CLFFX)	11.89%	8.84%	21.35%	3.90%	9.16%	8.81%	9.48%	162.65%
Russell 3000 Value[1]	9.47%	16.23%	27.62%	8.66%	10.57%	9.15%	9.53%	164.31%

	3rd Quarter 2024	Year-to-Date 2024	Average Annual Returns as of September 30, 2024 1-Year	3-Year	5-Year	10-Year	Inception (10/17/2019)	Total Return, Inception (10/17/2019)
Super Institutional Class (CLIQX)	11.95%	9.08%	21.73%	4.26%	n/a	n/a	9.58%	57.34%
Russell 3000 Value	9.47%	16.23%	27.62%	8.66%	n/a	n/a	10.69%	65.44%

**Expense Ratio Gross/Net: CLIFX 1.18%/0.90%; CLFFX 1.59%/1.15%; CLIQX 1.08%/0.82%

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) 673-0550.

**Clifford Capital Partners, LLC (the "Adviser") has contractually agreed to reduce fees and/or reimburse certain Partners Fund expenses until January 31, 2025.

Fund and Market Observations

The Clifford Capital Partners Fund ("the Fund") had a strong quarter and outperformed its benchmark during the third quarter. While the Fund's performance results over the last couple of years have been disappointing, we believe there are signs of recent improvement, and we're encouraged by the Fund's holdings and its positioning today.

The "Great Rotation" of July

The third quarter of 2024 was eventful. It began with a soft inflation report on July 11 that resulted in an immediate market rotation away from popular large cap Tech and growth stocks into smaller-cap companies and value stocks that lasted until near the very end of July. We think this was driven by higher expectations of a potential rate cut by the Fed, which could benefit some areas of the market that had underperformed. The quarter then culminated with the Fed actually lowering interest rates by 0.50% at the end of the quarter. While the "great rotation" of July did not accelerate as the quarter progressed, we believe this market shift was notable and could portend a change in investor sentiment.

We also believe that the "great rotation" was driven, in part, by the unwinding of some popular—and crowded—trades that we've discussed in prior commentaries. We think many of these trades have dominated the U.S. stock market in recent periods, including two that we think were particularly powerful influences: the price momentum trade (buying stocks with high price momentum and shorting stocks with low price momentum), and a "long Tech short Small Cap" trade that buys large cap Tech stocks and shorts small cap value stocks. Even though the acute "great rotation" period only lasted about three weeks, the performance results were

1 The Russell 3000 Value Index is a capitalization-weighted index which is designed to measure performance of Russell 3000 Index companies, respectively, with lower price-to-book ratios and lower forecasted growth values. Numbers presented include the reinvestment of dividends (total return).

remarkable as shown in **Charts 1 and 2**, which led to a solid full quarter for smaller-cap and value market indices and for the Fund.

While we could not predict if, or when, this type of market rotation would occur, we hinted in our last commentary that such an event was possible. We still believe the Fund provides a diversified exposure to today's stock market, which continues to be very heavily influenced by megacap companies and is still driven by artificial intelligence ("AI") excitement. As stated in our last letter:

> *We're disappointed in performance results thus far in 2024, but we still have strong conviction in the Fund's investments. We believe there are risks brewing in today's momentum-driven stock market, which has led to well-publicized market concentration and expensive stocks within megacap U.S. stocks, especially AI-related companies. While we think generative AI has exciting potential, we believe the excitement over this 'potential' may be outrunning the ultimate economics implied in many of the stock prices.*
>
> *We believe the Fund provides much lower valuations and strong diversification if AI excitement wanes and/or the Momentum factor were to reverse. We've seen this pattern historically, and we think the Fund is positioned very well for a weakening or reversal in the Momentum factor's strength.*

The "Great Rotation" of July

Chart 1: Value Outperformed Growth

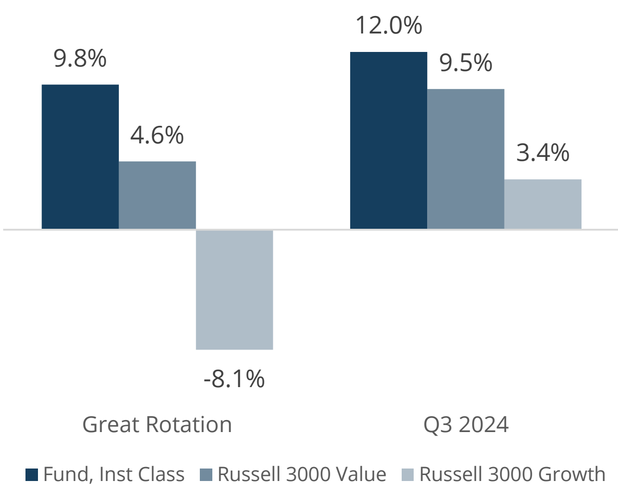
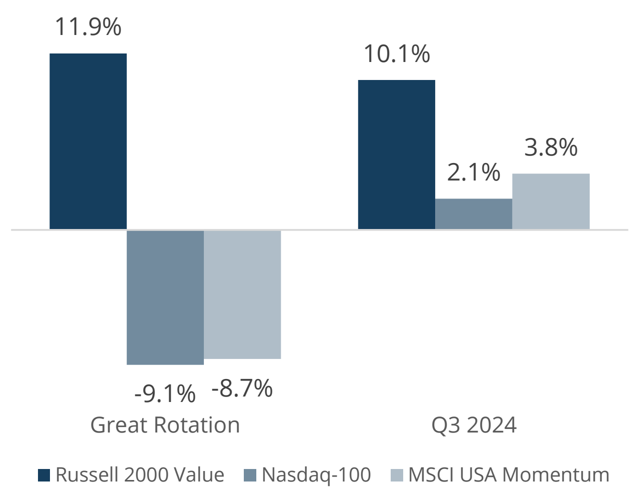


Chart 2: Reversals of the Long Tech/Short Small Cap Trade and the Momentum Trade



Please see definitions below.[2]

While the "great rotation" didn't accelerate like we'd hoped it might, we are optimistic that the stock market is beginning to recognize some of the value in areas outside of what's been popular. We're certainly not declaring any victories—and we've still got some work to do to improve our performance results—but we believe our disciplined approach to investing is a prudent way to compound wealth over the long term. Importantly, we also believe that the Fund looks and acts differently than the overall stock market, providing diversification against some of the risks we see in a market that is still dominated by a handful of popular megacap stocks.

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

Russell 2000 Value Index is a capitalization-weighted index which measures the performance of Russell 2000 index companies, respectively with lower price-to-book ratios and lower forecasted growth values. Index returns include the reinvestment of dividends (total returns).

Nasdaq-100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial issues listed on the NASDAQ.

MSCI USA Momentum Index is designed to reflect the performance of an equity momentum strategy by selecting stocks with high price momentum, which are selected from the MSCI USA Index, an index of large and midcap U.S. stocks.

Most importantly, we continue to see our investments making solid progress towards their Key Thesis Points™ ("KTPs"), which we believe will result in better-than-expected fundamental results over time. And as mentioned before, we continue to see increased activist investor campaigns and mergers and acquisitions ("M&A") activity among our holdings, which we believe can also catalyze better performance results.

Rates, Realities, and Elections

The biggest story of the quarter was the Fed's decision to lower interest rates in a move that was only surprising in its magnitude (0.50% cut was as large as almost anybody was expecting). We think interest rates are a critical input in determining asset prices, including stocks, so we're not surprised at the stock market volatility we've seen surrounding the Fed's movements—including the "great rotation" in July—as investors and traders strive to position their accounts appropriately to take advantage of the "new" interest rate environment.

Even though we are fundamental, bottom-up stock investors, not macro economists, we're often asked our opinion on the macroeconomic environment and Fed policies. Based on what we see today, the realities of today's economic and stock market environment are basically unchanged after the Fed's move because we are witnessing significant crosscurrents for the positive and negative in the U.S. economy. As a few anecdotal examples of these crosscurrents, we see signs of consumer stress (higher credit card and vehicle delinquencies and muted spending by certain subsets), but also strong overall consumer spending metrics. We see many companies struggling to grow revenues as quickly as hoped (lots of downward revisions to revenue estimates), but cost cutting resulting in solid profit growth. We see ample access to capital markets for debt and equity issuance, but also an increase in distressed companies and some bankruptcies.

Given these mixed economic signals, we do not anticipate the Fed to aggressively lower interest rates in the near term, and we certainly don't see many paths to go back to the near-zero interest rates of the past, barring some sort of very negative economic shock. So, we wouldn't be surprised if Fed policies begin to have less of an influence on U.S. stock markets in upcoming periods. If this premise is correct, we think it would be a positive development for stock picking because the fundamentals of, and valuations of, individual companies will begin to matter more than simply positioning for whatever trade is going to be the most lucrative based on the Fed's next moves.

Additionally, the U.S. presidential election is nigh, which results in significant conjecture and guesswork about how the stock market will react to the ultimate victor. In that spirit of providing our own prognostication, we think the Fund would likely benefit more from a Republican victory than a Democratic victory, but we have not positioned the Fund significantly in either direction.

Our blueprint for investing in today's environment with uncertainty about rates, economic realities, and the election is to stay the course. We strive to build a portfolio that is well balanced against macroeconomic and political factors in environments like today's, and we believe our investments' KTPs are catalysts for fundamental improvements that should transcend these non-stock-specific issues over time.

Conclusion

We were encouraged by the Fund's progress in the third quarter. We believe the Fund continues to provide a strong diversifying exposure to today's stock market, and we think it's trading at an attractive level today.

Significant Fund Changes

There were three new holdings added to the Fund during the quarter: Core Value stock **Dolby Laboratories** (ticker: DLB – 4.00% of the Fund at 9/30/2024), and Deep Value stocks **Delek US Holdings** (ticker: DK – 1.43% of the Fund at 9/30/2024) and **OPENLANE** (ticker: KAR – 1.95% of the Fund at 9/30/2024). We also sold Core Value stock **Stericycle** (ticker: SRCL – 0.00% of the Fund at 9/30/2024).

New Holdings

DLB: Dolby is a repeat holding for the strategy. The company is essentially a patent and licensing business, which has a dominant market share of basically any device that produces sound. We believe its newer products, Dolby Atmos and Dolby Vision, should continue to grow significantly over the next several years, which will raise the company's overall revenue growth rates and produce significant cash flow above current market expectations. We expect this cash flow to be deployed to us through dividends and share repurchases more abundantly than in the past. We also think that the firm's recent acquisition of video patents was a wise use of capital that should diversify its revenue stream and integrate well with some of Dolby's proprietary video products.

DK: Delek Holdings owns and operates four oil refineries in Texas and the Gulf Coast region and owns over 72% of a publicly traded pipeline operator Delek Logistics (ticker: DKL – 0.00% of the Fund at 9/30/2024). Delek is a special situation where the current market capitalization of the company trades below the value of its stake in DKL, essentially valuing the refineries below zero. Management and the board are aware of this disconnect and are striving to eliminate this "sum of the parts" discount. We initiated a position shortly after the company announced that they had sold their convenience store operations and a small pipeline to DKL for total proceeds of over $500 million, which is enough to completely repay all of DK's net debt and provide dry powder for significant share repurchases. Shortly after the announcement of the sale of the convenience stores, the company announced an additional share repurchase authorization that would allow the company to repurchase over 40% of its outstanding stock. We believe the company is seeking ways to eventually realize its inherent value by selling, or spinning off, its stake in DKL and repurchasing stock in the meantime to take advantage of the undervaluation of the company. We also think the company's refineries are valuable but have some room for improvement, and recent investments should help improve the operations and profitability of these plants.

KAR: OPENLANE is a leading digital wholesale vehicle auction company that specializes in auctioning off-lease vehicles from dealerships. The company has longstanding relationships with many of the largest dealerships and brands in the country, and the firm's business model is characterized by low capital intensity and solid margins. The investment opportunity in KAR arose because of an anomaly in used car pricing over the past several years, which resulted in a historically high percentage of lessees purchasing their vehicle at the end of their lease term because used car prices were so high that the lessees had significant equity in their vehicle (i.e. lessees could buy a vehicle at the end of the lease at the contractual residual price baked into the lease and then immediately sell the car for a profit). We've seen evidence that the used car market is normalizing, and lease turn-in rates are reverting closer to historical averages. This shift back to a "normal" lease environment should result in significant benefits for KAR's auction business, which we expect to accelerate revenue and profit growth. Although there's still uncertainty about the volume of new leases being originated (another key input into the company's profit equation), we think the reversion of the lease market back to normalized lease turn-in rates should outweigh potential negatives, leading to better-than-expected profit growth.

Sales

SRCL: We sold Stericycle as the stock was near the price of its buyout offer from Waste Management (ticker: WM – 0.00% of the Fund at 9/30/2024). While the buyout price was about 38% higher than where SRCL had been trading shortly before the offer, we believe the final purchase price was a bit of a disappointment, given that we estimated a higher intrinsic value for the company.

Individual Stock Performance

Contributors: The two greatest contributors during the quarter were Deep Value stock **Pitney Bowes** (ticker: PBI – 3.78% of the Fund at 9/30/2024) and **3M Corp** (ticker: MMM – 3.59% of the Fund at 9/30/2024).

PBI: Pitney Bowes announced during the quarter that it will shut down its e-commerce division, which had been losing a substantial amount of money. The cost of this shutdown was lower than we expected, which was a positive, and we think the company now has current earnings power of over $1 per share compared to a share price that ended September around $7. The stock increased on the news of this strategic action, and we think the management team and the board—under the direction of activist investor Hestia Capital—is aggressively managing costs and improving operations to increase the firm's cash flows.

MMM: 3M's latest quarterly results were better than expected and the new CEO has gained favor with market participants leading to a strong stock price reaction during the quarter. We believe that MMM is more focused now that its major litigation is close to being settled and after the spin-off of Solventum (ticker: SOLV – 3.76% of the Fund at 9/30/2024).

Detractors: The two largest detractors were Deep Value stock **Walgreens Boots Alliance** (ticker: WBA – 1.54% of the Fund at 9/30/2024) and **Green Plains** (ticker: GPRE – 1.29% of the Fund at 9/30/2024).

WBA: Walgreens continues to grapple with two major issues: a weaker economic environment that is affecting its retail sales in the U.S., and reimbursement pressures in its pharmacy division, which is an industry-wide phenomenon. While the economic backdrop may continue to be weak, we think expectations are sufficiently low for Walgreen's retail sales. We also continue to believe the price of WBA's stock today reflects almost zero equity value for WBA's U.S. retail pharmacy business (its largest segment), given the value of WBA's other segments, and we expect the firm to complete some strategic sales of parts of, or all, these segments, which should significantly reduce the company's debt and lead to a higher stock price. We also think the company's decision to shutter underperforming stores is a solid strategic plan, which should begin producing meaningful benefits over the next couple of years.

GPRE: Green Plains most recent earnings were disappointing, and the company's high protein segment (an area we think will generate meaningful profits over the next few years) hit a soft patch, which led to a lower stock price. We think there is some shareholder nervousness around the upcoming U.S. presidential election and a potential regime change, which could potentially reduce some of the governmental benefits of Green Plains' operations. Despite these near-term concerns, we still think the company has several other initiatives that should increase its free cash flow potential over the next 12-18 months (e.g. clean sugar, carbon capture projects, sustainable corn oil yields).

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, Chief Investment Officer
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) 673-0550, 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.

Definitions

Core Value Stocks. Investments in companies the Adviser believes are high-quality companies that earn high returns on capital. These stocks will represent 50-75% of the Partners Fund's holdings.

Deep Value Stocks. Opportunistic investments in companies the Adviser believes are deeply-undervalued. These stocks, plus the Fund's cash holdings, will represent the remaining 25-50% of the Partners Fund.

Free Cash Flow. A measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow represents the cash a company is able to generate after laying out the money required to maintain or expand its asset base.

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.

Risks of Large-Cap Securities. Prices of securities of larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the Fund's value may not rise as much as the value of funds that emphasize companies with smaller capitalizations.

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.

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