Clifford Capital Partners Fund

Quarterly Commentary – Fourth Quarter 2022

Performance Summary

	4th Quarter 2022	2022	*Average Annual Returns as of December 30, 2022* 1-Year	3-Year	5-Year	Inception (1/30/2014)	Total Return, Inception (1/30/2014)
Institutional Class (CLIFX)	13.74%	-3.93%	-3.93%	8.50%	7.65%	10.04%	134.69%
Investor Class (CLFFX)	13.72%	-4.09%	-4.09%	8.26%	7.44%	9.82%	130.52%
Russell 3000® Value[1]	12.16%	-8.01%	-8.01%	5.85%	6.47%	8.31%	103.76%

	4th Quarter 2022	2022	*Average Annual Returns as of December 30, 2022* 1-Year	3-Year	5-Year	Inception (10/17/2019)	Total Return, Inception (10/17/2019)
Super Institutional Class (CLIQX)	13.83%	-3.86%	-3.86%	8.58%	n/a	10.35%	37.12%
Russell 3000® Value	12.16%	-8.01%	-8.01%	5.85%	n/a	7.89%	27.54%

**Expense Ratio Gross/Net: CLIFX 1.42%/0.90%; CLFFX 1.61%/1.15%; CLIQX 1.35%/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) 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 Partners Fund expenses until January 31, 2024.

Performance Summary and Market Observations

The fourth quarter was a solid end to a tough year for U.S. stocks. Despite the year ending with a difficult December, Q4 overall was strong for the Clifford Capital Partners Fund ("the Fund") and its benchmark. The Fund outperformed its benchmark during the quarter and for the full year, and ended 2022 with a modest loss. We were mostly pleased with the Fund's performance in 2022, given the difficult environment for U.S. stocks during the year, but we're more pleased with the current positioning and attractive valuation of the Fund today, which we think bodes well for the future.

While the Fund performed relatively well overall in 2022, there were several crosscurrents "underneath the hood". The Fund's Core Value stocks were a bright spot in 2022, posting a full year positive return, based on our internal calculations, while its Deep Value investments (most of which are small cap stocks) underperformed and led to the Fund's overall loss during the year. We think our Core Value companies held up well in a difficult year because we believe they are better protected against economic turmoil and typically possess the pricing power to combat margin pressures from inflation.

We attribute much of 2022's losses in Deep Value stocks to inflationary pressures and the Fed's actions to fight these pressures, coupled with angst about an impending recession, which is generally thought to affect smaller companies the most. That said, we remain bullish on the prospects of the Fund's Deep Value investments. We believe these investments are very attractive coming into 2023 – in many cases historically attractive.

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).

We are not macroeconomists, and our macro views rarely influence our investment decisions, but we do believe recession is a likely scenario (if we're not in one already) and we've witnessed recessionary conditions within some of our investment companies' results in recent quarters. We don't envy the Fed in its quest to achieve a soft landing for the economy that has been propped up in recent years by unprecedented fiscal stimulus and years of near-zero interest rates. To us, it's the equivalent of trying to land a 747 jumbo jet on a municipal airport runway that's meant for little Cessna prop planes – it's not impossible, but the chances of something bad (like a recession) happening are high!

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.

More on the Core Value and Deep Value Dynamic

In our last quarterly commentary, we discussed how the Fund's Core Value stocks had meaningfully outperformed and its Deep Value stocks had meaningfully underperformed over the prior 5 calendar quarters including Q3 2022 (while the exact opposite occurred during the 5 quarters prior to that). We believe that the see-saw behavior between the two sleeves is unusual and is likely related to pandemic-influenced and bubble-like market conditions over the past several years. We also think that a large portion of 2022's volatility in Deep Value stocks is due to macroeconomic worries, rather than company-specific happenings. Quoting from last quarter's commentary:

> *So far in 2022 there has been significant upheaval in interest rates, investor expectations, and a clear slowdown in economic conditions that has moved investor focus more towards macro concerns rather than the long-term outlook for individual companies. As such, we've observed that some companies' clear progress towards long term KTPs has often been ignored this year. However, we believe most of these macro issues will eventually subside (or become fully discounted by the stock market) and our Deep Value "beach balls"* (we likened our Deep Value stocks to beach balls being held under water) *will lead the charge when our investment companies' performance improves, catalyzed, in our opinion, by KTPs.*

Although it was only one quarter, we noted that Deep Value stocks rebounded strongly in Q4, catalyzed in our view by KTPs starting to come to fruition, and we think there's more to come! Core Value stocks also performed well during the quarter, a dynamic we welcome because we do not think that strong performance in one sleeve precludes good performance in the other. For 2022, we were certainly thankful for the Fund's Core Value investments, which enabled the Fund to significantly outperform its benchmark, despite Deep Value's struggles. We also believe the time will come again when we'll be very thankful for our Deep Value investments.

Quite simply, many of our Deep Value stocks fell more than we thought they would during 2022, which we attributed mostly to recessionary concerns and in some cases because of relatively high (but manageable in our view) debt levels. While this performance was disappointing, we also believe that these companies' fundamental long-term prospects and our estimates of their intrinsic values did not decline much, if at all. As such, we think these Deep Value investments (which we believed were attractive when we purchased them) are even more compelling coming into the new year *because* of their underperformance. We view this as short-term pain for long term gain!

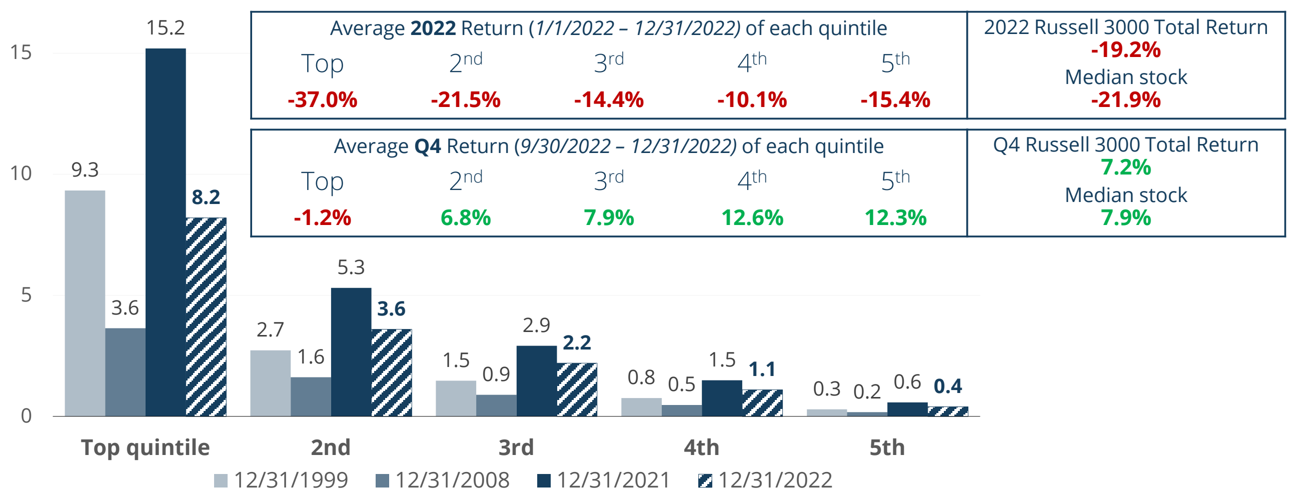
While the Fund's Deep Value weighting modestly declined over the full year (mostly because of the October buyout of a relatively large Deep Value position), we note that the Fund entered 2023 with about a 41% weighting, which remains atypically high. As a reminder, Deep Value investments are capped at 50% (Core Value stocks will always have a higher weighting: 50-75% of the Fund), so this positioning is reflective of our bullish views for Deep Value opportunities.

We strongly believe that the Fund—and especially its Deep Value stocks—are attractive today, recession or not! And we think the Fund is well positioned to take advantage of the opportunities we see.

Will 2023 be the Year of the Bargains? We Think Investors are Starting to Care about Valuations Again.
In our commentaries throughout 2022 we've shown a graphic (see **Figure 1**) that depicts the valuation levels of the Russell 3000 Index[2], which is generally considered to be a proxy for the entire U.S. stock market, sorted into valuation quintiles (most expensive to least expensive 1/5 of the stock market, ranked by the price to sales ratio). The data showed that the market was much more expensive coming into 2022 than it was at the end of 1999 (near the end of the dotcom bubble), and significantly higher than it was at the end of 2008, (near the end of the Great Financial Crisis and what, in hindsight, was a great buying opportunity). After 2022's stock market declines, valuations have indeed improved meaningfully, but we note that valuations remain higher at 12/31/2022 than they were at 12/31/1999 for every quintile except for the most expensive one.

Also as shown in **Figure 1**, the market's most expensive stocks declined sharply and underperformed the U.S. stock market in 2022 while the less expensive quintiles were still down but outperformed. This dynamic was particularly acute in Q4 when the market's cheapest two quintiles posted solid performance. We think this dynamic was a tailwind to the Fund's Deep Value holdings in Q4.

Figure 1: Price to Sales Ratios[3] at the end of 1999, 2008, 2021, and 2022
(most expensive to least expensive quintiles)



Past performance does not guarantee future results.

Data Source: Bloomberg

Why Do We Think Cheaper Stocks Will Continue to Outperform?
In an environment like today's, we continue to believe that owning investments with low valuations makes sense. Borrowing from commentary two quarters ago that we think bears repeating:

> *We think owning stocks with lower valuations is always prudent, but especially today in an environment where many investors are taking a more skeptical view of the future. From a pragmatic viewpoint, we think companies with lower valuations have more options to improve their stock prices. For example, share repurchases made at low valuations can result in material share count reductions and earnings per share accretion, dividend yields become more meaningful, and we believe activist investors and strategic/financial buyers become more interested in cheaper companies, leading to mergers and acquisitions activity.*

2 The Russell 3000® Index is a capitalization-weighted index which is comprised of the stocks within the Russell 1000® and the Russell 2000® Indices. This index of securities represents approximately 98% of the investable U.S. equity market. 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.

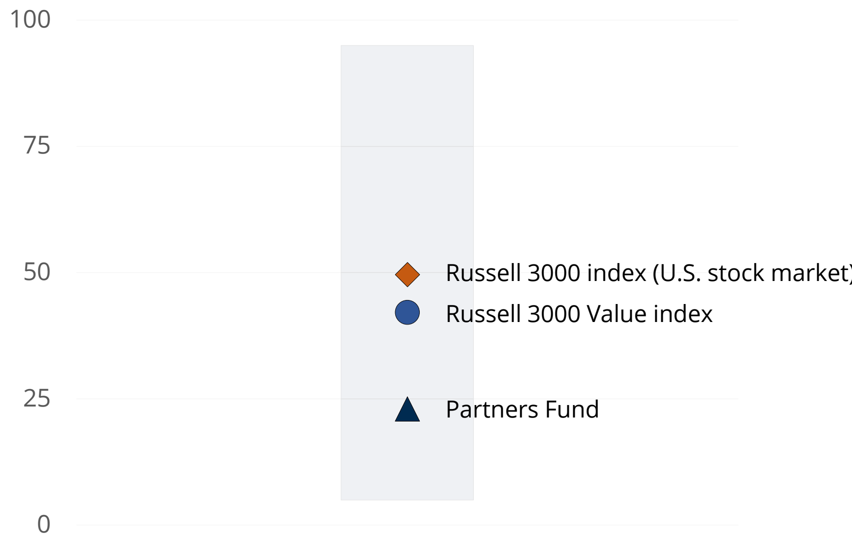
3 Price to Sales ratio is the ratio of a company's or index's current market capitalization to its sales over the prior 12 months as of the date of the analysis. For this chart, the Russell 3000® Index was sorted by highest to lowest price to sales ratio in fifths (quintiles) for all index stocks with available price/sales data for each time period (about 90%, 95%, and 92% of total Index constituents were included for 1999, 2008, and 2021, respectively). 12/31/2022 data was obtained from the same constituents as at 12/31/2021 for comparability. The datapoint presented on the chart is the median price/sales ratio for each quintile.

We have seen some of these types of shareholder-friendly actions happen already and it helped the Fund's fourth quarter results. In particular, we've seen an uptick in activist shareholders agitating for change in some of the Fund's least expensive holdings, which has resulted in higher stock prices. We view inexpensively valued stocks as fertile ground for activists to begin planting seeds, and also for companies' management teams to seek ways to improve shareholder returns.

Many of our investment KTPs revolve around shareholder-friendly capital allocation (e.g. spin-offs, share repurchases, dividend increases, debt paydowns, etc.) that we expect to occur and we've seen evidence of this starting to happen within the Fund's investments. Given how attractive valuations are in certain segments of the market (including the Fund's Deep Value investments), we think these inexpensive stocks will continue to garner attention from investors, which we believe could lead to 2023 being a banner year for shareholder-friendly actions.

The Fund continues to be positioned inexpensively at the end of 2022. The Fund is valued in the lowest quartile of the overall U.S. stock market based on price to sales, well below its benchmark. (see **Figure 2**) We think the Fund's cheaper positioning (coupled with KTPs for each stock because statistical cheapness is not enough for us!) is a great place to be if less expensive stocks continue to outperform, as we think they will.

Figure 2: Price to Sales
(% Rank, High to Low)



Based on Russell 3000 Index constituents with price to sales data at 12/31/2022.

Data Source: Bloomberg as of 12/31/2022

Conclusion

We think the Fund is well positioned headed into 2023 with a portfolio of attractively valued stocks coupled with catalysts for fundamental improvement (our Key Thesis Points™) that we believe will be recognized and rewarded by the stock market. We are particularly bullish on the Fund's Deep Value stocks (an unusually high ~41% weighting), which have significant potential for future appreciation, in our opinion.

Significant Fund Changes

There were no additions to, or complete sales from, the Fund during the quarter except as we discussed in last quarter's letter that on the first trading day of October, Deep Value stock Change Healthcare (ticker: CHNG – 0.00% of the Fund at 12/31/22) was acquired by UnitedHealth (ticker: UNH – 0.00% of the Fund at 12/31/22).

Individual Stock Performance

Contributors: The two greatest contributors during the quarter were Deep Value stocks Schlumberger (ticker: SLB – 3.74% of the Fund at 12/31/22) and Pitney Bowes (ticker: PBI – 3.13% of the Fund at 12/31/22).

SLB: Schlumberger's results and outlook continued to improve during the quarter and the company generated significant cash flow, which is expected to be used to enrich shareholders. We expect SLB's business to continue improving in 2023, as oilfield services companies are in the relatively early stages of benefiting from improved pricing and higher activity levels.

PBI: Pitney Bowes announced several significant new business wins in its ecommerce shipping business, that it expects will drive that segment to break-even cash flows, or better, in 2023 (one of our primary KTPs). Additionally, an activist investor has been agitating for change, which increased investor interest in the company and led, in our view, to a late-year pop in the stock.

Detractors: The two largest detractors were Deep Value stocks Qurate Retail (ticker: QRTEA – 0.66% of the Fund at 12/31/22) and First Citizens BancShares (ticker: FCNCA – 3.62% of the Fund at 12/31/22).

QRTEA: Qurate Retail's stock declined during the quarter, given continued weak results from the ecommerce retailer. Industrywide supply chain issues plus the complete loss of its largest distribution center in a fire late last year significantly disrupted Qurate's 2022 results. We think the company is on the path to improved financial results in the second half of 2023 and has significant financial flexibility despite relatively high debt (a trait common to companies associated with John Malone, who is a key board member of the firm), which gives the company time to turn around its results.

FCNCA: First Citizens declined modestly during the quarter (down ~4.8%) because of a mildly disappointing quarterly earnings report and economic concerns relating to legacy CIT loans (a company acquired by FCNCA at the beginning of the year). We think FCNCA is undervalued today and the benefits of the CIT acquisition have not been fully realized.

Final Comments

Thank you for your investment in the Fund. We hope you will stay safe and well in 2023. 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) 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.

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.

The Clifford Capital Funds are distributed by Foreside Fund Services, LLC, Member FINRA/SIPC