

## 2017 Q2 Clarkston Founders Fund Commentary

### Fund Performance Summary

The Clarkston Founders Fund - Institutional Class commenced operations on February 1, 2017. In the second quarter 2017 the Fund gained 1.07%, trailing the Russell Midcap® Index return of 2.70%. As of the end of Q2 2017, the Fund trailed the Russell Midcap Index since inception as shown below.

Performance as of 6/30/2017 (annualized for periods over one year)						
	QTD	YTD	1 Yr	5 Yr	10 Yr	Inception
Clarkston Founders Fund						
<i>Institutional Class</i>	1.07%	N/A	N/A	N/A	N/A	3.80%
Russell Midcap® Index	2.70%	N/A	N/A	N/A	N/A	5.44%

Source: ALPS

As identified in the current Fund prospectus, for the Fund's first fiscal year, gross expense ratios were estimated to be 1.53% and net expense ratios were estimated to be 0.95% for the Institutional Class. Clarkston Capital Partners has limited certain expenses of the Fund since inception and has contractually agreed to limit certain expenses of the Fund through at least January 31, 2018. The Fund's total returns would have been lower if Clarkston Capital Partners had not limited expenses during those periods.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance data may be higher or lower than actual data quoted. For the most current month-end performance data please call 1.844.680.6562. Performance less than 1 year is cumulative.

### Market Overview and Fund Attribution

Equity markets extended their climb upward during the quarter ended June 30, 2017, with the Russell 1000 Index, which measures the large-cap segment of the U.S. equity universe, and Russell 2500 Index, which measures the small- and mid-cap segment of the U.S. equity universe, gaining 3.06% and 2.13%, respectively. Since the market bottomed on March 9, 2009, these two indices have logged annualized total returns of 19% and higher; more than eight years of outsized returns. While earnings of U.S. equities have grown during this time, they have failed to keep up with the growth in share prices. Consequently, valuations by almost all measures have moved to the higher end of their historical range. Our internal valuation metric is telling a similar story.

The absence in today's environment of opportunities that meet our investment criteria has resulted in a large cash position in the Fund. The most popular question we get regarding our investment process (after the initial "why cash" question) is, "When do you expect to invest that cash?" With experience, we have realized this is really two separate questions:

1. "Is there a tipping-point where you throw in the towel and invest the cash regardless of valuation?"

Our answer is a resounding, "No." We view cash as a low risk option on future opportunities and we would rather forego the upside potential of an investment than make an investment that we believe has a high probability of losing capital.

2. "What is a reasonable timeframe for investing the cash?"

Our response is, "It is out of our control." We need market volatility to drive share prices lower and free cash flow yields higher, but this volatility has been elusive in recent markets.

The Chicago Board Options Exchange (CBOE) Volatility Index (VIX), a commonly used index that tracks U.S. expected volatility, has trended downward since its 2009 high and has been flirting with all-time lows during most of 2017. Furthermore, we have only seen two major spikes in the VIX since the U.S. worked its way out of the Great Recession of 2008. The first occurred in 2011 when fears emerged regarding a U.S. double dip recession. The second occurred in mid-to-late 2015 when oil prices plummeted.

For some, it appears that this extended period of muted volatility and rising share prices will continue for the foreseeable future. We believe that this complacency will eventually become a breeding ground for volatility and future opportunity, but we have no idea when this opportunity will arise. In the meantime, the Fund owns, in our opinion, a stable of high quality businesses trading at fair to attractive valuations. Additionally, the Fund has a low risk holding in the form of cash that we are prepared to deploy when presented with what we consider to be attractive future investment opportunities.

Top/Bottom 5 Contributors to Performance Q2 2017				
	Contribution	Total Return	Avg. Wgt.	
Top 5	Willis Towers Watson	0.64%	11.53%	5.79%
	Broadridge Financial Solutions	0.56%	11.69%	4.92%
	Waters Corporation	0.42%	17.61%	2.54%
	Legg Mason, Inc.	0.26%	6.44%	4.21%
	Charles Schwab Corp	0.19%	5.48%	2.97%
Bottom 5	Discovery Communications	-0.16%	-10.10%	0.68%
	Stericycle, Inc.	-0.25%	-7.93%	3.22%
	C.H. Robinson Worldwide	-0.30%	-10.54%	2.84%
	Western Union Company	-0.35%	-5.54%	6.08%
	Fastenal Company	-0.38%	-14.88%	2.29%

Source: FactSet

Information subject to change.

Sector Attribution Q2 2017	Clarkston Founders Fund			Russell Midcap® Index			Variation			Attribution Effect		
	Average Weight	Total Return	Contrib. to Return	Average Weight	Total Return	Contrib. to Return	Avg. Wgt. Difference	Total Ret. Difference	Contrib. Difference	Allocation	Selection	Total Effect
<b>Total</b>	<b>100.00%</b>	<b>1.43%</b>	<b>1.43%</b>	<b>100.00%</b>	<b>2.70%</b>	<b>2.70%</b>	<b>0.00%</b>	<b>-1.28%</b>	<b>-1.28%</b>	<b>-0.46%</b>	<b>-0.82%</b>	<b>-1.28%</b>
Financial Services	33.82%	4.51%	1.50%	26.22%	3.42%	0.89%	7.60%	1.09%	0.61%	0.06%	0.35%	0.41%
Producer Durables	15.71%	-0.93%	-0.14%	12.87%	2.91%	0.37%	2.84%	-3.84%	-0.51%	0.00%	-0.58%	-0.58%
Consumer Staples	8.96%	-1.34%	-0.03%	4.68%	-1.45%	-0.05%	4.28%	0.12%	0.02%	-0.17%	0.07%	-0.10%
Health Care	4.70%	7.24%	0.33%	9.31%	10.11%	0.89%	-4.60%	-2.87%	-0.57%	-0.31%	-0.12%	-0.43%
Materials & Processing	2.29%	-14.88%	-0.38%	6.82%	2.61%	0.17%	-4.53%	-17.49%	-0.55%	0.01%	-0.44%	-0.43%
Consumer Discretionary	1.88%	2.35%	-0.02%	15.65%	1.00%	0.16%	-13.77%	1.35%	-0.17%	0.26%	-0.06%	0.19%
Technology	1.74%	4.98%	0.09%	11.82%	6.74%	0.81%	-10.07%	-1.76%	-0.72%	-0.41%	-0.03%	-0.44%
Utilities	0.00%	0.00%	0.00%	6.97%	1.42%	0.11%	-6.97%	-1.42%	-0.11%	0.09%	0.00%	0.09%
Energy	0.00%	0.00%	0.00%	5.56%	-11.03%	-0.65%	-5.56%	11.03%	0.65%	0.79%	0.00%	0.79%
Cash	30.89%	0.22%	0.07%	0.00%	0.00%	0.00%	30.89%	0.22%	0.07%	-0.77%	0.00%	-0.77%

Fund attribution based on security returns and does not reflect deductions for fees and expenses. Source: FactSet

Information subject to change.

Past performance does not guarantee future results.

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Data as of 6/30/2017. Document expires 10/31/2017.

## DISCLOSURES

**An investor should consider investment objectives, risks, charges and expenses carefully before investing. Visit [www.clarkstonfunds.com](http://www.clarkstonfunds.com) to obtain a Prospectus which contains this and other information, or call 1.844.680.6562. Read the Prospectus carefully before investing.**

Risks: As with any mutual fund, there are risks to investing. There is no guarantee that the Fund will meet its investment objective. The Fund is non-diversified, which means that it may invest a significant portion of its assets in a relatively small number of issuers and could experience greater price volatility. The Fund will invest in equity securities. Equity securities (which generally include common stocks, preferred stocks, warrants, securities convertible into common or preferred stocks and similar securities) are generally volatile and more risky than some other forms of investment. The securities of mid-cap companies may be subject to more abrupt or erratic market movements and will generally experience greater price volatility. Cash does not fluctuate with the market like stocks, and potentially bonds, but cash is subject to inflation risk. It is possible to lose money on an investment in the Fund. Investments in the Fund are not deposits or obligations of any bank, are not endorsed or guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. The Fund has limited operating history.

The Fund seeks long-term capital appreciation by investing primarily in equity securities of U.S. medium-capitalization companies. The Fund primarily invests in companies with market capitalizations within the range of companies included in the Russell Midcap<sup>®</sup> Index at the time of initial purchase. Sector weights and performance are calculated using Russell Global Sectors.

The Russell Midcap<sup>®</sup> Index is a market capitalization weighted index that measures the performance of the mid-capitalization sector of the U.S. equity market and includes approximately 800 of the smallest issuers in the Russell 1000 Index. The Russell 1000<sup>®</sup> Index is a market capitalization weighted index that measures the performance of the large-capitalization sector of the U.S. stock market and includes the 1,000 largest stocks in the Russell 3000 Index. The Russell 3000<sup>®</sup> Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. Index performance information was furnished by sources deemed reliable and is believed to be accurate, however, no warranty or representation is made as to the accuracy thereof and the information is subject to correction.

The Russell 2500<sup>™</sup> Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500<sup>™</sup> Index is a subset of the Russell 3000<sup>®</sup> Index. It includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500<sup>™</sup> Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment.

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You cannot invest directly in an index. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's return.

Valuation measures referenced are: Robert Shiller's cyclically adjusted price-earnings (CAPE) Ratio, stock market capitalization to gross domestic product (GDP) ratio, and S&P 500 Index market capitalization to sales

ratio. Robert Shiller's cyclically adjusted price-to-earnings ratio, commonly known as CAPE, is a forecasting model for long-term future stock returns and is defined as price divided by the average of ten years of earnings (moving average), adjusted for inflation. The stock market capitalization to gross domestic product (GDP) ratio is a ratio used to determine whether an overall market is undervalued or overvalued. GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. The S&P 500 Index is an unmanaged index consisting of 500 stocks that is used as a leading indicator of large-cap U.S. equity performance. Market capitalization to sales ratio is a company's market capitalization divided by its total sales over a 12-month period and is used to indicate how much the market values every dollar of a company's sales.

The free cash flow yield is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price.

CBOE Volatility Index<sup>®</sup> (VIX<sup>®</sup> Index<sup>®</sup>) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

Top ten holdings of the Fund as of June 30, 2017 were The Western Union Company (6.37%), Willis Towers Watson PLC (5.66%), Broadridge Financial Solutions, Inc. (4.84%), Sysco Corp. (4.84%), Brown & Brown, Inc. (4.83%), Legg Mason, Inc. (4.37%), The Charles Schwab Corp. (3.34%), Stericycle, Inc. (3.15%), McCormick & Co., Inc. (3.13%), C.H. Robinson Worldwide, Inc. (2.99%). Holdings are subject to change. References to Fund holdings are not recommendations to buy, hold or sell any securities and portfolio holdings are subject to change. To obtain the performance calculation methodology for the contributors and detractors to performance and documentation showing every Fund portfolio holding's contribution to the overall Fund performance during the quarter, please call 248-723-8000.

This commentary is for informational purposes only, is the opinion of the author at the time of publication, and is subject to change without notice.

Clarkston Capital Partners is the investment adviser to the Clarkston Founders Fund.

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