



VULCAN  
VALUE  
PARTNERS

Second  
Quarter  
2019

## PORTFOLIO REVIEW

### GENERAL

The Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund produced positive absolute returns for the quarter and outperformed their respective benchmarks on a quarter-to-date basis. As we have often said, we place no weight on short-term results, good or bad, and neither should you. In fact, we have made and will continue to make decisions that negatively impact short-term performance when we think we can improve our long-term returns and mitigate risk. We encourage you to place more weight on our longer term historical results and a great deal of weight on our long-term prospects. More importantly, the funds have returned double-digit returns and outperformed their primary benchmarks since inception as detailed in the table below.

Directory		Inception Date	As of June 30, 2019				Since Inception	
			QTD	1 Year	3 Year	5 Year		
Introduction	1							
VVP Fund Review	2	Vulcan Value Partners Fund (VPLX)	12/30/09	4.68%	5.66%	12.72%	7.27%	11.82%
VVP Small Cap Fund Review	4	Russell 1000 Value Index		3.84%	8.46%	10.19%	7.46%	11.34%
		S&P 500 Index		4.30%	10.42%	14.19%	10.71%	12.96%
Closing	6							
Disclosures	7	Vulcan Value Partners Small Cap Fund (VPSX)	12/30/09	4.93%	4.60%	10.66%	5.67%	12.28%
		Russell 2000 Value Index		1.38%	-6.24%	9.81%	5.38%	10.10%
		Russell 2000 Index		2.10%	-3.31%	12.30%	7.06%	11.50%

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Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund returns are net of fees and expenses and assume reinvestment of dividends and capital gains. Vulcan Value Partners Small Cap Fund's total gross expense ratio is 1.27%. Vulcan Value Partners Fund's total gross expense ratio is 1.09%. Neither fund imposes a sales charge. Index returns do not reflect deductions for fees or expenses. The fund imposes a 2.00% redemption fee on shares held for less than 90 days. Performance shown does not include the redemption fee, which if reflected would reduce the performance quoted. Performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and value of shares will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The performance figures do not reflect the deduction of any taxes a shareholder might pay on distributions or redemptions. The current month-end performance may be higher or lower than the quoted performance and may be obtained by calling 877.421.5078 or visiting [www.vulcanvaluepartners.com](http://www.vulcanvaluepartners.com).

In the discussion that follows, we generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

[www.vulcanvaluepartners.com](http://www.vulcanvaluepartners.com)

PERFORMANCE THROUGH DISCIPLINE



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## VULCAN VALUE PARTNERS FUND REVIEW

As of June 30, 2019						
Investment Strategy	Inception Date	QTD	Annualized			
			1 Year	3 Year	5 Year	Since Inception
VVP Fund (VVPLX)	12/30/2009	4.68%	5.66%	12.72%	7.27%	11.82%
Russell 1000 Value Index		3.84%	8.46%	10.19%	7.46%	11.34%
S&P 500 Index		4.30%	10.42%	14.19%	10.71%	12.96%

**Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund returns are net of fees and expenses and assume reinvestment of dividends and capital gains. The Fund's total gross expense ratio is 1.09%. Neither fund imposes a sales charge. Index returns do not reflect deductions for fees or expenses. Performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and value of shares will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The performance figures do not reflect the deduction of any taxes a shareholder might pay on distributions or redemptions. The current month-end performance may be higher or lower than the quoted performance and may be obtained by calling 877.421.5078 or visiting [www.vulcanvaluepartners.com](http://www.vulcanvaluepartners.com).**

We purchased three new positions in the second quarter.

There were no material contributors or detractors.

Blackrock, a company we previously owned and discussed at length in our 2018 third quarter commentary, is the world's largest money manager with a vast array of offerings. Its competitive advantages include its sheer scale, product breadth and diversity, global distribution, and Aladdin, an unrivaled technology platform. Aladdin is Blackrock's proprietary operating platform for investment management that enables effective risk management, efficient trading, and increased operational scale. Aladdin is used to manage over \$18 trillion in assets and is licensed to over 25,000 investment professionals worldwide. Blackrock has the ability to cross-sell its investment products to mitigate portfolio risks identified by Aladdin. Lower net flows in the second half of 2018, an increased level of concern in changing regulatory requirements, and market volatility have left BlackRock's price depressed. We are happy to be able to add this great company back to the portfolio.

Booking Holdings, formerly Priceline Group, is the world's largest online travel agent by revenue, market value and profitability. Its brands include Booking.com, Priceline.com, KAYAK, Agoda.com, Rentalcars.com and OpenTable. Dominant in the fragmented European hotel industry, the company generates about 90% of its revenue from hotel bookings. Its massive network of hotels combined with a large and recurring user base give it a two-sided network effect. As more travelers utilize Booking.com,



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## VULCAN VALUE PARTNERS FUND REVIEW (CONT.)

more hotels place their inventory on the website, making it more appealing to travelers. Its network effect combined with the company’s scale and data advantages give it a strong competitive position within its industry. Recent economic conditions in Europe combined with fears that Booking Holdings is vulnerable to a potential Google entry into the travel space have led to a depressed share price. We are pleased to, once again, have the opportunity to add Booking Holdings to the portfolio.

We purchased Anthem Inc., another company we have previously owned. Anthem is a health benefits company providing network-based managed healthcare plans to individuals, employers, and the Medicare and Medicaid markets. Representing the largest collection of Blue Cross Blue Shield networks, Anthem holds the largest or second largest market share in fourteen states. Its competitive advantages include its scale, two-sided network effect, broad coverage network, and substantial local market share. Anthem is focused on its fully insured business, which is the largest contributor to its revenue, and its Medicare business, which is growing most rapidly. The new CEO, Gail Boudreaux, former CEO of United Health Care’s insurance business, is making changes that we believe will accentuate Anthem’s competitive advantages and provide for future growth. For example, Anthem is building and commercializing its own pharmacy benefit management (PBM), IngenioRX. Once up and running, IngenioRX is estimated to provide approximately \$800 million in shareholder benefit by 2020<sup>1</sup>. Additionally, Anthem is focused on optimizing performance in its core business, investing in high-growth markets, such as the government space and Medicare advantage, and diversifying its services. We are excited about Anthem’s opportunity for growth and are pleased to own this great business once again.

Vulcan Value Partners Fund (VVPLX)			
2Q 2019 Top 5 Performers		2Q 2019 Bottom 5 Performers	
Security	Return %	Security	Return %
Teradyne Inc.	20.52%	United Parcel Service Inc.	-6.69%
Hilton Worldwide Holdings Inc.	17.79%	Qorvo Inc.	-7.14%
Facebook Inc.	15.78%	Alphabet Inc.	-7.88%
McKesson Corp.	15.17%	NVIDIA Corp.	-8.43%
Everest Re Group Ltd.	15.11%	National Oilwell Varco Inc.	-16.35%

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company’s relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods. The returns shown above reflect the actual returns of the above securities in our fund for the time period indicated.



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VULCAN VALUE PARTNERS SMALL CAP FUND REVIEW

As of June 30, 2019						
Investment Strategy	Inception Date	QTD	Annualized			Since Inception
			1 Year	3 Year	5 Year	
VVP Small Cap Fund (WPSX)	12/30/2009	4.93%	4.60%	10.66%	5.67%	12.28%
Russell 2000 Value Index		1.38%	-6.24%	9.81%	5.38%	10.10%
Russell 2000 Index		2.10%	-3.31%	12.30%	7.06%	11.50%

**Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund returns are net of fees and expenses and assume reinvestment of dividends and capital gains. The Fund's total gross expense ratio is 1.27%. Neither fund imposes a sales charge. Index returns do not reflect deductions for fees or expenses. Performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and value of shares will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The performance figures do not reflect the deduction of any taxes a shareholder might pay on distributions or redemptions. The current month-end performance may be higher or lower than the quoted performance and may be obtained by calling 877.421.5078 or visiting [www.vulcanvaluepartners.com](http://www.vulcanvaluepartners.com).**

We purchased two new positions and exited three positions in the second quarter.

There was one material contributor to performance and there were no material detractors.

CDK Global Inc. is a vertically integrated software company that specializes in Dealer Management Systems (DMS) software, provides digital advertising spend management, and delivers DMS solutions, consulting, training and support across 100 countries. It was spun out of Automatic Data Processing in October of 2014. CDK is the largest part of an oligopoly with a 45% market share. Approximately 73% of its revenue is generated from software as a service offerings. Its systems are designed to automate and integrate the entire vehicle buying process including advertising, acquisition and sale, financing, insuring and maintenance. CDK's competitive advantages include its mission critical software, high switching costs, product depth, and a high level of customer retention. Operating in this niche market, CDK is highly integrated into the vehicle buying process, and its margins and returns on capital have been increasing. We are delighted to add this high quality business to the portfolio.

Resideo, a recent spin off from Honeywell, is a global provider of comfort and security solutions. Three fourths of its revenues are generated from products they manufacture including thermostats, energy management solutions, security panels, and sensors that are used to detect break-ins, smoke and carbon monoxide. These products have been around for decades, and have extremely strong brand equity.



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## VULCAN VALUE PARTNERS SMALL CAP FUND REVIEW (CONT.)

The remaining quarter of its revenues come from its distribution segment, which consists of over 200 locations globally that serve over 100,000 contractors. Resideo benefits from a large installed base, the trend of switching from analog to digital, and its strong relationships with general contractors, who have been installing its products for decades. Resideo provides training and technical support, and, in turn, the contractors are Resideo's connection to the end market. This relationship is a win-win for both parties and creates a moat for Resideo. Management's release of lowered near-term guidance caused a decline in its stock price, which created an opportunity for us to add Resideo to the portfolio.

We sold Ebro Foods SA and Woodward Inc. to reallocate capital into more discounted companies.

Another name we exited during the quarter, Sotheby's, was also a material contributor and added over 3% to performance. Sotheby's is an auctioneer of art, jewelry, wine and other expensive luxury collectables. Having been in operation since 1744, the Sotheby's brand is irreplaceable and its heritage is impossible to duplicate. On June 17, the company announced an agreement to be acquired and taken private by billionaire Patrick Drahi. The stock price appreciated close to the deal price, and we exited our position for a considerable gain. We are grateful to Ted Smith and the management team for their excellent stewardship of capital. We are sad to see Sotheby's leave the portfolio.

Vulcan Value Partners Small Cap Fund (VVPSX)			
2Q 2019 Top 5 Performers		2Q 2019 Bottom 5 Performers	
Security	Return %	Security	Return %
Sotheby's	48.90%	Despegar.com Corp.	-6.78%
frontdoor Inc.	26.53%	Jones Lang LaSalle Inc.	-8.46%
Everest Re Group Ltd.	15.11%	MSC Industrial Direct Co. Inc.	-9.56%
Acuity Brands Inc.	15.02%	Ituran Location and Control Ltd.	-11.22%
Carlisle Companies Inc.	14.85%	Sleep Number Corp.	-14.06%

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods. The returns shown above reflect the actual returns of the above securities in our fund for the time period indicated.



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#### CLOSING

We greatly appreciate the confidence you have placed in us. Your stable capital, invested alongside our own capital, provides a foundation that allows us to make sound, long-term investment decisions that have the potential to lower risk and provide the opportunity to achieve superior long-term results.

We hope you enjoy the rest of the summer, and we look forward to updating you again in the fall.

The Vulcan Value Partners Investment Team

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DISCLOSURES

Vulcan Value Partners Funds:

This letter reflects our views, opinions, and portfolio holdings as of June 30, 2019. Our views may change at any time based upon market or other conditions and Vulcan Value Partners disclaims any responsibility to update our views. Our views should not be relied on as investment advice and, because investment decisions for the fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of the fund. Certain statements that we make may constitute "forward-looking statements". Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. Past Performance does not guarantee future results.

The price to value ratio is a calculation that compares the price of a company's stock to our appraisal of the company's intrinsic value. Fair, or intrinsic, value is our estimate of the price a willing buyer would pay and a willing seller would accept, assuming neither was compelled to enter into a transaction. Margin of Safety is a favorable difference between the price of a company's shares and the estimated fair value of those shares. Total return percentages for an individual security is the performance of the security from price at initial purchase date to the price at final sale date. Actual returns for the funds holdings of those securities may differ from total return as the funds rebalance or changed weights in the individual securities. Free cash flow is the amount of cash that a company has left over after it has paid all of its expenses, including investments. Free cash flow yield is a security's free cash flow divided by its market price. Macro factors encompass the general economic and business environment. Vulcan defines risk reduction as reducing the portfolio's price to value ratio by either buying (or adding to existing positions) high quality companies which are trading well below fair value as estimated by Vulcan, or selling positions which are trading at or near their fair values.

Reference Holdings as of June 30, 2019*	% of Total Portfolio
Qorvo Inc.	6.16%
NVIDIA Corp.	5.38%
National Oilwell Varco Inc.	5.29%
McKesson Corp.	4.76%
Alphabet Inc.	4.29%
United Parcel Service Inc.	4.01%
Hilton Worldwide Holdings Inc.	3.45%
Anthem Inc.	3.37%
Teradyne Inc.	2.55%
Booking Holdings Inc.	2.55%
Everest Re Group Ltd.	2.34%
Facebook Inc.	1.96%
BlackRock Inc.	1.02%

\*The referenced holdings are subject to change.

**Vulcan Value Partners Fund:**

The fund seeks to achieve long-term capital appreciation by investing primarily in medium and large-capitalization U.S. companies believed to be both undervalued and possessing a sustainable competitive advantage.

For more complete information, please download the fund's prospectus available on [www.vulcanvaluepartners.com](http://www.vulcanvaluepartners.com) or call 877.421.5078 for copies. You should consider the fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

Vulcan Value Partners, LLC ("Vulcan" or the "Adviser") has given a contractual agreement to the Funds that to the extent the Total Annual Fund Operating Expenses (as defined in Item 3 of Form N-1A) with respect to either Fund (exclusive of Acquired Fund Fees and Expenses (if any), brokerage expenses, interest expense, taxes and extraordinary expenses) ("Designated Annual Fund Operating Expenses") exceed 1.25% of such Fund's average daily net assets for a particular fiscal year of the Fund, the Adviser will reduce the Management Fee and/or Other Expenses otherwise payable to the Adviser with respect to such Fund for such fiscal year by an amount equal to such excess, and/or the Adviser shall reimburse the Fund by the amount of such excess. This agreement is in effect through August 31, 2020 and will be reevaluated on an annual basis thereafter. Without this agreement, expenses could be higher. If the Adviser foregoes any fees and/or reimburses a Fund pursuant to this letter agreement with respect to a particular fiscal year, then the Adviser shall be entitled to recover from the Fund(s) the amount foregone or reimbursed to the extent Designated Annual Fund Operating Expenses are less than 1.25% of such Fund's average daily net assets during any fiscal year following such fiscal year.

**Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Value stocks can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time. Foreign securities, especially emerging or frontier markets, will involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility, and less regulations. It is possible that each Fund may invest in securities offered in certain types of transactions (such as private placements) that, because of that Fund's size, may have a disproportionate impact on that Fund's performance results. That Fund would not necessarily have achieved the same performance results if its aggregate net assets had been greater. Diversification does not eliminate the risk of experiencing investment losses.**

The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index. The S&P 500 Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index. The Russell 1000<sup>®</sup> Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> companies with lower price-to-book ratios and lower expected growth values. An investment cannot be made directly into an index.

All information in this report is as of the date shown in the upper right hand corner unless otherwise indicated.

<sup>1</sup> IngenioRX is estimated to provide approximately \$800 million in shareholder benefit by 2020; sourced from the Anthem Investor Relations call on June 7, 2019.

**ALPS Distributors, Inc. is the distributor for the Vulcan Value Partners Fund.**



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**DISCLOSURES (CONT.)**

**Vulcan Value Partners Small Cap Fund:**

The fund seeks to achieve long-term capital appreciation by investing primarily in small-capitalization U.S. companies believed to be both undervalued and possessing a sustainable competitive advantage.

**This letter reflects our views, opinions, and portfolio holdings as June 30, 2019. Our views may change at any time based upon market or other conditions and Vulcan Value Partners disclaims any responsibility to update our views. Our views should not be relied on as investment advice and, because investment decisions for the fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of the fund. Certain statements that we make may constitute "forward-looking statements". Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. Past Performance does not guarantee future results.**

Vulcan Value Partners, LLC ("Vulcan" or the "Adviser") has given a contractual agreement to the Funds that to the extent the Total Annual Fund Operating Expenses (as defined in Item 3 of Form N-1A) with respect to either Fund (exclusive of Acquired Fund Fees and Expenses (if any), brokerage expenses, interest expense, taxes and extraordinary expenses) ("Designated Annual Fund Operating Expenses") exceed 1.25% of such Fund's average daily net assets for a particular fiscal year of the Fund, the Adviser will reduce the Management Fee and/or Other Expenses otherwise payable to the Adviser with respect to such Fund for such fiscal year by an amount equal to such excess, and/or the Adviser shall reimburse the Fund by the amount of such excess. This agreement is in effect through August 31, 2020 and will be reevaluated on an annual basis thereafter. Without this agreement, expenses could be higher. If the Adviser foregoes any fees and/or reimburses a Fund pursuant to this letter agreement with respect to a particular fiscal year, then the Adviser shall be entitled to recover from the Fund(s) the amount foregone or reimbursed to the extent Designated Annual Fund Operating Expenses are less than 1.25% of such Fund's average daily net assets during any fiscal year following such fiscal year.

Reference Holdings as of June 30, 2019*	% of Total Portfolio
Jones Lang LaSalle Inc.	5.19%
Resideo Technologies Inc.	4.63%
Despegar.com Corp.	4.38%
Sleep Number Corporation	4.22%
Ituran Location and Control Ltd.	3.86%
Acuity Brands Inc.	3.50%
CDK Global Inc.	3.03%
MSC Industrial Direct Co. Inc.	2.69%
Everest Re Group Ltd.	2.59%
frontdoor Inc.	2.04%
Carlisle Companies Inc.	1.98%
Woodward Inc.	SOLD
Ebro Foods SA	SOLD
Sotheby's	SOLD

**The Funds may invest in the securities of companies with small or medium market capitalizations. Small or medium-sized companies may have more limited product lines, markets, and financial resources than larger companies. In addition, their securities may trade less frequently and in more limited volume than those of larger companies. Small- or mid-cap stocks may be more volatile than those of larger companies and, where trading volume is thin, the ability to dispose of such securities may be more limited. Because the Vulcan Value Partners Small Cap Fund normally invests at least 80% of its equity assets in securities of smaller companies, these risks may be increased.**

The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 2000 Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index.

All information in this report is as of the date shown in the upper right hand corner unless otherwise indicated.

**It is possible that each Fund may invest in securities offered in certain types of transactions (such as private placements) that, because of that Fund's size, may have a disproportionate impact on that Fund's performance results. That Fund would not necessarily have achieved the same performance results if its aggregate net assets had been greater.**

John Collier is a registered representative of ALPS Distributors, Inc.  
Mac Dunbar is a registered representative of ALPS Distributors, Inc.  
Shelly Fagg is a registered representative of ALPS Distributors, Inc.  
Bill Hjorth is a registered representative of ALPS Distributors, Inc.  
Anne Jones is a registered representative of ALPS Distributors, Inc.  
Adam McClain is a registered representative of ALPS Distributors, Inc.  
Kelly Meadows is a registered representative of ALPS Distributors, Inc.  
Jeff St. Denis is a registered representative of ALPS Distributors, Inc.  
James Kelley is a registered representative of ALPS Distributors, Inc.

**ALPS Distributors, Inc. is the distributor for the Vulcan Value Partners Small Cap Fund.**

\*The referenced holdings are subject to change.