marshfield
CONCENTRATED OPPORTUNITY fund

DECEMBER 2018 FUND FACT SHEET MRFOX

OBJECTIVE

The Fund seeks the dual goals of capital preservation and the long-term growth of principal, while targeting a pattern of performance at variance with that of the market.

PHILOSOPHY

The Fund is premised on the belief that in order to outperform the market, an investment strategy needs to be different from the market in as many ways as possible that add value on a risk-adjusted basis. Marshfield believes that thoughtful concentration, the willingness to hold cash while awaiting well-priced opportunities, steering clear of generic "consensus" stocks, and being freed from sector and market capitalization constraints facilitate the goal of avoiding the "closet index" trap while laying the groundwork for superior performance.

PROCESS/STRATEGY

Marshfield believes that process and discipline are essential for intelligent investing. The Fund's seasoned research team engages in a rigorous collective process designed to achieve consensus while avoiding group-think. Companies on Marshfield's "buy" list should have at least the following characteristics: resilience (i.e., the ability to sustain themselves during difficult times); profitability (i.e., a long-term return on equity above Marshfield's discount rate); and disciplined, thoughtful management (i.e., who balance the interests of shareholders, customers and employees appropriately, and who think about the long term). Stocks on the list are only bought if and when they trade significantly below what Marshfield believes to be their intrinsic value. Stocks are sold either due to price appreciation or because the conceptual theory no longer holds.

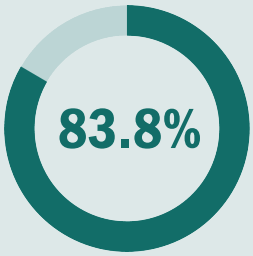
PERFORMANCE 12/31/18

	QTD	1 Year	Incep
MRFOX	-7.84%	1.92%	13.22%
S&P 500 Index	-13.52%	-4.39%	8.64%

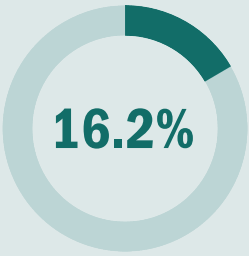
Fund Inception: 12/28/2015

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns 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 may be lower or higher than the performance data quoted.
Call 1-855-691-5288 for current month-end data.
**Annualized*

ASSET ALLOCATION



EQUITIES



CASH

ADVISORY

Marshfield Associates, Inc. is a Registered Investment Advisor located in Washington, DC. It provides the Fund with a comprehensive program of investment of the Fund's assets and determination of the composition of the Fund's portfolio. The Adviser was organized in 1989 and since that time has provided separate account-based investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, municipalities and other entities according to the same philosophy and discipline as that of the Fund. Our seven principals own the firm, invest alongside our clients, and have average tenure of 20 years.

The Adviser has contractually agreed, until January 1, 2020, to reduce Management Fees and reimburse Other Expenses to the extent necessary to limit Total Annual Fund Operating Expenses to an amount not exceeding 1.10% of the Fund's average daily net assets.

Net Expense Ratio 1.11%

Gross Expense Ratio 2.10%

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MARKET COMMENTARY

We are pleased with our performance this year, especially in the most recent quarter when volatility made a palpable comeback.

Turns out, it's not that hard to spook the stock market. As you've heard from us before, the market is simply a list of prices that are voted on by market participants who take their information from what is publicly available and then apply it in order to make (reasonably well) informed judgments about the future financial performance of individual companies. But therein lies the problem: the market is comprised of individuals with their own psychological quirks and preferences and vulnerabilities. Notwithstanding how well (or poorly) a company might be doing and how bright (or dim) its prospects, events can provoke an emotional and behavioral response from investors that is unmoored from underlying reality. It is, of course, this disconnect that provides us at Marshfield opportunistic points of entry as well as exit.

And yet, as we assess the S & P 500's recent querulousness, we're tempted to amend our earlier statement about how easy it is to alarm the market. Typically, what investors hate most of all is uncertainty, of which the latter half of the year served up a veritable feast. Indeed, given the wealth of provocation, it's perhaps surprising that it took this long to produce a response. Let's review the bidding: a series of trade and tariff actions that have begun to cumulate and whose endgame is unclear; foreign policy and national security initiatives that, at a minimum, represent a reconfiguration of the nation's role in the world; the departure of a Secretary of Defense; unsolicited reassurances about bank liquidity; private musings about firing the Federal Reserve Chairman; and—the pièce de resistance—a partial shutdown of the federal government. Against the backdrop of a still relatively robust economy, it took an absolute crescendo of noise to stop the stampeding bull in its tracks.

Our point here is not to make a political statement but rather to emphasize that, notwithstanding what we know about human behavior, it's still very difficult to predict the market's reaction to any specific event—or series of events. A complex brew of fact, expectations, interpretations, and emotion collectively dictate such response, which itself can dissipate or intensify in short order. As non-partisan statistics guru Nate Silver tweeted the other day, "Always thought it was interesting how the stock market priced [Donald] Trump as a liability throughout the 2016 campaign, and even on election night, only to abruptly flip the next morning". This, of course, makes it clear that the business of predicting what the stock market will do is nothing but a mug's game.

All of which leads to the inevitable question of how to invest in a world that seems to have developed fatter "tails" than we've seen in a while (e.g., in addition to the aforementioned, there are threats raised by the rise of nationalism across the West, tensions among historic allies, the fallout from high-level investigations into various forms of corruption, etc.). Our response here at Marshfield is to hold fast to our discipline, which is founded on what we believe are certain irreducible truths about the stock market: that, ultimately, the intrinsic value of a company will be reflected in its share price; that there will be volatility along the way; and that, over time, the American economy (as well as the global economy more generally) will continue to provide opportunities for good businesses to make money (ok, this one is a belief, not an axiom). To best exploit those attributes, we continue to look for companies in industries whose structure allows them to extract economic rents and that are themselves thoughtfully managed and resilient in the face of changing circumstance. And, of course, we only buy a new position when we have a substantial margin of safety separating our purchase price from what we believe the company to be worth, allowing for the possibility of some of those tail scenarios to eventuate.

Changing our approach mid-stream to account for "heightened" uncertainty (as though we were strangers to it as investors!) would only exacerbate such uncertainty, as it would introduce a new variable into a formula that we believe has worked well through many a cycle. Similarly, managing toward a particular apocalyptic outcome presumes the ability to predict not only that outcome but also its ramifications and the market's complex reaction thereto. And finally, running for what seems to be cover by retreating from the market altogether might relieve anxiety in the short run, but it both assumes the ability to predict the market and begs the question of when to emerge from hiding should that prediction actually prove correct.

For us, the only approach—both logical and, we think, reasonable—is to accept volatility as a gift, continue to look for and invest in good, high return companies, and greet 2019 with our patented mixture of optimism tempered by skepticism.

Happy New Year!

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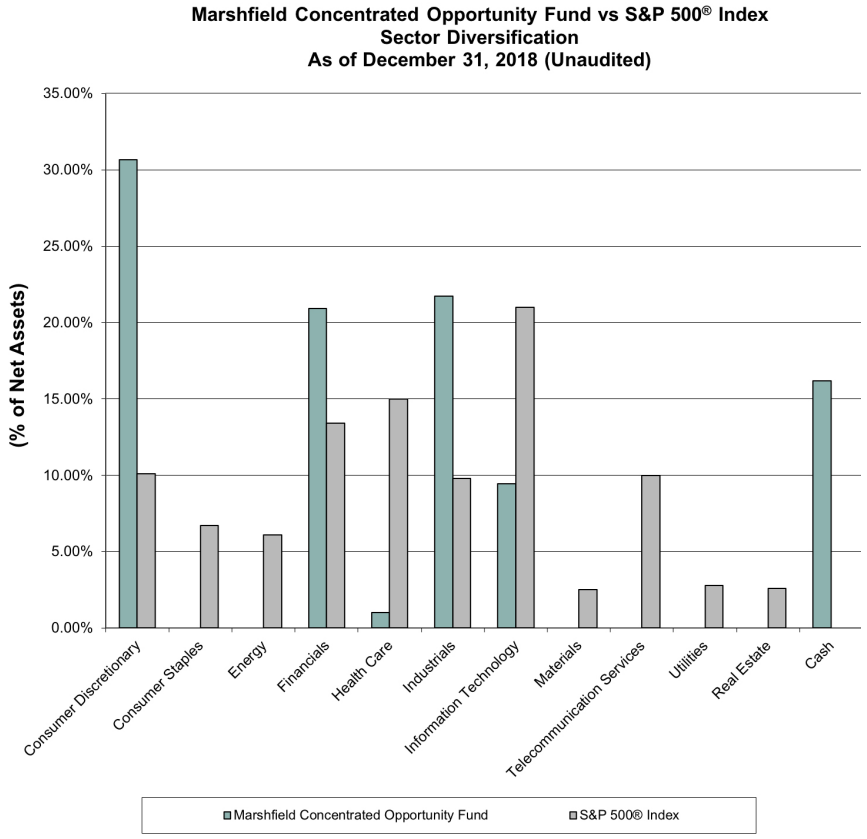
MARSHFIELD CONCENTRATED OPPORTUNITY FUND PORTFOLIO INFORMATION
December 31, 2018 (Unaudited)



Top 10 Holdings*

Security Description	% of Net Assets
Cash & Cash Equivalents	16.2%
Moody's Corp.	9.2%
Arch Capital Group Ltd	7.6%
Autozone Inc	6.3%
Chipotle Mexican Grill	6.1%
Deere & Company	6.0%
Mastercard Inc Class A	4.9%
O'Reilly Automotive Inc	4.9%
Visa, Inc	4.6%
Yum! Brands Inc	4.6%

*Subject to change

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MINIMUM INVESTMENT

Non-Retirement - $10,000.00
IRA/Gift to Minors - $ 1,000.00
Additonal purchases may be made at any time and any amount.

DISCLOSURES

The information contained herein should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any securities transactions, holdings or sectors discussed were or will be profitable, or that the investment recommendations or decisions that we make in the future will be profitable. The opinions stated and strategies discussed in this commentary are subject to change at any time.

Mutual Fund investing involves risk, Principal loss is possible. Investment in the Fund is subject to stock market risk, equity securities risk, large-cap company risk, small-cap and mid-cap company risk, issuer risk, management style risk, industry and sector risk, value stock risk, new fund risk, and non-diversified status risk. For more information about the Fund, including the Fund's objectives, charges, expenses, and risks (including more information about the risks listed above, please read the prospectus.

The success of the Fund's investment strategy depends largely upon the Adviser's skill in selecting securities for purchase and sale by the Fund and there is no assurance that the Fund will achieve its investment objective. Because of the types of securities in which the Fund invests and the investment techniques the Adviser uses, the Fund is designed for investors who are investing for the long term. The Fund may not be appropriate for use as a complete investment program. The principal risks of an investment in the Fund are described in the Prospectus.

S&P 500 Index: a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. You cannot invest directly in an index.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 855-691-5288. Please read carefully before investing.

The Fund is distributed by Ultimus Fund Distributors, LLC. For Information or assistance in opening an account, please call toll-free 1-855-691-5288.