Linde Hansen Contrarian Value Strategy Commentary

4Q 2018

Linde, Hansen & Co.

Market Review

Markets turned decidedly glum during the fourth quarter. The bear raised its head as interest rate hikes by the Federal Reserve, intensifying trade wars and growing concerns over a global economic slowdown conspired to take the punchbowl away from holiday parties. In fact, the December decline in stocks was the worst for that month since 1931. Valuation levels, in our opinion, have been high and profitability margins for many companies have been at peak levels so it did not take much to persuade asset allocators that earnings and prices might be lower in 2019. The correction was rapid and brutal.

The median return for the 2,227 stocks which passed our initial screen on September 30, 2018 was -17.2% for the quarter. The average return on an equal-weighted basis was -18.1%. Approximately 90% of the stocks fell during the quarter. The carnage was wide spread.

No sectors advanced during the quarter. As might be expected, sectors traditionally considered defensive held up best. Utility stocks fell only 1.1% on average while Consumer Staples declined 11.5% on average.

Energy and Oilfield Service stocks were the worst performing sectors followed by considerable weakness in the shares of Metal (steel and aluminum) companies as global economic slowdown fears hit hard. The weakness was wide spread. Across the board, 40% of the stocks in our universe were down more than 20% for the quarter.

Portfolio Review

The Linde Hansen Contrarian Value Fund, Class A and I shares fell 15.88% and 15.85% respectively during the quarter, better than the S&P 400 MidCap Value Index which fell 16.89%.

During the quarter, the fund benefited from its ownership of technology communications companies like Nokia, Broadcom and Commscope. These stocks advanced during the quarter despite the pronounced weakness across the market. The fund also benefited from its higher-than-normal cash position, in excess of 25%.

As with the broader market, our energy stocks, accounting for about 9% of the portfolio, were particularly hard hit. These stocks detracted about five percentage points from the portfolio's return. Additionally, weakness was pronounced in what we believe are two of our more controversial names. Endo International and YRC Worldwide. So-called controversial stocks tend to be hit harder in market panics and in the fourth quarter the pressure seems to have been exacerbated by year-end tax-loss selling. It was a wide-ranging bear market. There were few places for a long-only investor to make money

Current View

In our opinion, stocks entered bear market territory during the final quarter of calendar 2018 as a confluence of factors contributed to a reduction in the appetite for risk. Deteriorating relations between the US and its trading partners, interest rate hikes by the Federal Reserve Board and a reversal of quantitative easing, slowing economic growth in some foreign markets, geopolitical intrigue and distrust toward the executive branch of the US government combined with uncertainty regarding the soundness of its policies have cast a gloom over the investment community. It's a lot to absorb and in our opinion an environment suited for active stock selection versus passively owning the overall market.

But as owners of fractional pieces of businesses (common stock), we are most concerned with earnings, profitability levels and interest rates. Earnings generate cash flow which can be used for growth or dividend payments which give shareholders a return on investment. Profitability levels are important as they signal whether business is robust and prone to competitive threat or struggling and in need of revival. And the level of interest rates are important because they are a key input in determining whether the businesses we own are priced dearly or cheaply.

In our opinion, if we eliminate all the political angst that seems to be the focus of today's news coverage, the prospect for higher interest rates and aggressive trade negotiation tactics are seen as factors which could slow growth, reduce profitability and potentially move the economy into recession after nine years of expansion. Stock prices have reacted negatively as should be expected.

We have not been surprised by this stock market action. Those who have been reading our past reports and quarterly updates will know that we have been trimming winners out of the portfolio and struggling to find suitable replacements. Our cash position remained abnormally high as valuation levels were well above historical average and profitability was at peak levels in many industries. The pronounced sell off in December has changed this situation. Profitability may still be high for many companies, but the stock prices have begun to discount trough earnings. This spells opportunity for us.

We believe long term success comes from disciplined investing. And while many will find the drawdown in the stock market during the end of 2018 difficult to stomach, we remain committed to our process and will deploy our excess cash by filling the portfolio with stocks that meet our criteria (now that there are more of them).

The stock market has gone on sale and, while we can't be sure how long the bargains will last, we know they won't last forever. Expect us to be "fishing while the fish are running." We believe this is the best way to build solid real returns over the long term and are certain we will be finding more good ideas in the months to come. We are quite optimistic.

Linde Hansen Contrarian Value Fund Performance as of 12/31/2018				
	4th Quarter 2018	One Year	Five Years	Since Inception (February 8, 2012)
Linde Hansen Contrarian Value Fund Class A (LHVAX)	-15.87%	-12.14%	-1.03%	4.13%
Linde Hansen Contrarian Value Fund Class A - With Sales Charge	-20.31%	-16.74%	-2.09%	3.32%
Linde Hansen Contrarian Value Fund Class I (LHVIX)	-15.85%	-11.92%	-0.77%	4.39%
S&P MidCap 400 Value index	--16.89%	-11.88%	5.56%	9.66%

Performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. The maximum sales charge for class A Shares is 5.25%. For performance information current to the most recent month-end, please call toll-free 1-855-754-7933. Total annual operating expenses for the Fund is 1.81% (Class A) and 1.56% (Class I) respectively. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the fund, at least until March 31, 2019 to ensure that the net annual fund operating expenses will not exceed 1.40%, and 1.15% for (Class A), and (Class I) shares, respectively, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions.

Return on invested capital (*ROIC*) - A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The measure gives a sense of how well a company is using its money to generate returns.

The S&P MidCap 400 Value Index – is a Style Index constructed and managed by the S&P Dow Jones Indices division of S&P Global. The index is meant to provide a proxy for the performance of mid-capitalization stocks designated by S&P as "value". S&P measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P MidCap 400.

Trough - In economics, a trough is a low turning point or a local minimum of a business cycle. The time evolution of many variables of economics exhibit a wave like behavior with local maxima (peaks) followed by local minima (troughs). A business cycle may be defined as the period between two consecutive peaks.

IMPORTANT RISK INFORMATION:

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fund holdings are represented as a percent of LHVAX at NAV as of 12/31/2018. Portfolio Holdings are subject to change and should not be considered investment advice. Mutual Funds involve risk including the possible loss of principal. There is no assurance that the fund will meet its investment objectives, you may lose money by investing in the Fund.

Investing in undervalued securities involves the risk that such securities may never reach their expected market value, either because the market fails to recognize a security's intrinsic worth or the expected value was misjudged. A value investment style may go in and out of favor causing the Fund to underperform other investment styles. The Fund is 'non-diversified', and thus invests its assets in a smaller number of companies than many other funds and as a result a change in the value of a single security may have significant effects on the Fund's value. Investments in foreign securities carry special risks, including foreign political instability, greater volatility, less liquidity, financial reporting inconsistencies, and adverse economic developments, all of which may reduce the value of foreign securities. Many of these risks can be even greater when investing in countries with developing economies and securities markets. Smaller capitalization companies may have a narrower geographic and product/service focus and be less well known to the investment community, resulting in more volatile share prices and liquidity. Larger capitalization companies pose the risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Mid-Capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. Mid-sized companies may pose risks including liquidity, market and financial resources and may depend upon a relatively small management group. Investments in companies involved in special situations, such as reorganizations or restructurings, may involve greater risks when compared to the Fund's other strategies. Failure to anticipate changes affecting these types of investments may result in permanent loss of capital. **5160-NLD-2/4/2019**

For more information please contact your Financial Advisor or;	
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