



Barrow Street Advisors Leadership



Nicholas Chermayeff
Principal

- 25 years of industry experience
- BA Harvard College



Robert F. Greenhill, Jr.
Principal

- 26 years of industry experience
- BA Harvard College
- MBA Harvard Business School



David R. Bechtel
Principal

- 26 years of industry experience
- BA Yale University
- JD Stanford Law School

About Barrow Street

Barrow Street Advisors LLC is a registered investment advisor and is an affiliate of Barrow Street Capital LLC which is an investment management firm that manages value-oriented private and public equity strategies.

Headquartered in Stamford, CT the firm serves pension funds, sovereign funds, endowments, foundations, family offices and high net worth individuals. Since its inception, Barrow Street Advisors LLC and Barrow Street Capital LLC have invested approximately \$550 million, cumulatively, of equity in private and public equity strategies.

For More Information

(203) 391-6100

barrowfunds.com

Anticipating a Comeback in Value

Principals Nicholas Chermayeff, Robert Greenhill Jr. and David Bechtel provide their current perspective on the Barrow Funds.

1 With Barrow's focus on Quality and Value in stock selection, what have been the challenges of this approach over the past three years?

At Barrow Funds, we focus on finding high quality, stable businesses that possess the following business characteristics:

- **Strong top line growth**, as the market should reprice the stock higher as the company grows
- **High returns on capital and ample cash flow**, enabling companies to reinvest cash to fuel growth
- **Low debt levels**, as low leverage generally makes companies resilient to future economic challenges
- **Management teams with a high degree of ownership**, as they tend to be highly motivated and well-aligned with investors' interests

We seek to purchase these companies at what we believe are substantial discounts to their intrinsic values. This timeless investment philosophy can run counter to short-term market rallies. Often, investors are influenced by macroeconomic and global geopolitical factors as well as the extreme intervention of central bank policies. These extrinsic forces often have little to do with the quality and value of an individual company.

While macro events present a challenge, we remain patient and focused on the intrinsic value and quality of the company regardless of the market's reaction. Our conviction has been occasionally tested, but we believe our patience and diligence will be rewarded over the long term.

2 Merger and acquisition (M&A) activity has historically been an important driver of performance for Barrow Funds. Would you please discuss the current level of activity?

Overall, M&A volume and dollar value have declined on a year-to-date basis in 2016 compared to historical periods. While M&A activity tends to be cyclical, the slowdown takes the wind out of the market as fewer buyers are willing to pay premiums for publicly traded stocks.

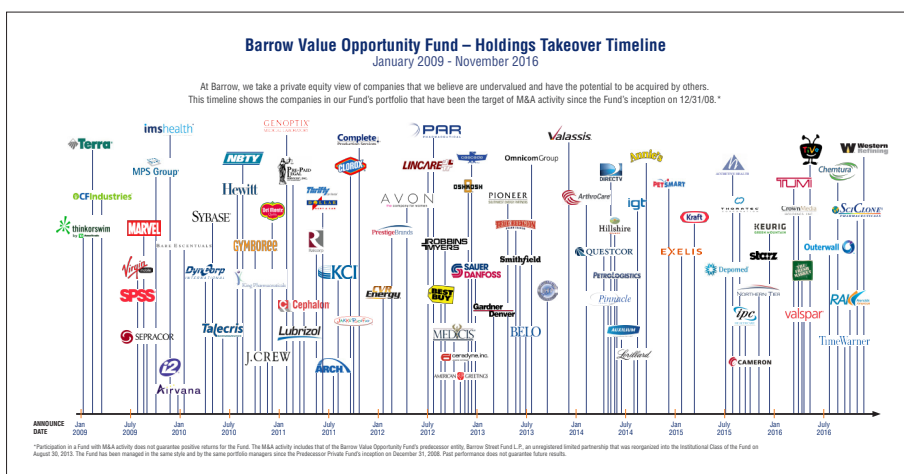
Regardless of the slowdown in transactions, we anticipate M&A activity will continue to be robust. Private equity funds currently have \$1.3 trillion in cash—an all-time annual high since 2000—and a significant portion of that “dry powder” can be spent on buyouts. With an unrealized \$2.8 trillion portfolio value, private equity has a significant market presence with respect to M&A activity.

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3 How has current M&A activity impacted the holdings of the Barrow Funds?

We take a private equity approach to investing, viewing the Funds’ holdings as ownership interests in underlying businesses. Due to this approach, we often spot attractive entry levels in companies that later get identified as M&A targets. In fact, since the Barrow Value Opportunity Fund’s inception on December 31, 2008 through the end of September 2016, the Fund has experienced approximately three times the level of takeover activity compared to the broader market.

The activity continues through the third quarter of 2016: In September, the Fund experienced the seventh takeout of 2016 when German chemical company Lanxess purchased U.S.-based Chemtura (CHMT) at a 19% premium to the stock's closing price at the time of announcement.



A historical list of complete takeovers can be found on barrowfunds.com

4 With growth stocks outperforming value stocks for multiple years in a row, what might indicate a market leadership shift?

Returns of growth and value stocks have historically been cyclical, with consecutive years of outperformance by growth stocks followed by strong periods of performance by value stocks. As shown in the charts below, large- and small-cap value appear poised to outperform growth companies, as the difference between the trailing 10-year returns of growth and value stocks in both the small and large cap market have hit a 15-year peak. To Barrow Funds, we believe this peak period of underperformance by value stocks indicates a bright future ahead for value investors.

LARGE-CAP GROWTH VS. VALUE



Source: Strategas Research Partners

SMALL-CAP GROWTH VS. VALUE



Important Information

Mutual fund investing involves risk. Principal loss is possible. 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 Fund and may be obtained by calling 1-877-767-6633. Read it carefully before investing. Distributed by Ultimus Fund Distributors, LLC.

Performance data quoted represents past performance; past performance does not guarantee future results.

Investment in the Funds are subject to stock market risk, large-cap risk, mid-cap risk, small-cap risk, exchange traded funds risk, management style risk, value investing risk, and short sale risk (including more information about the risks listed above). please read the prospectus.

As of 9/30/16, the Fund held 0.00% in net assets of Lanxess. Fund holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security.

The **Russell 1000 Growth Index** is an unmanaged index that measures the performance of companies in the Russell 1000 Index considered to have a greater than average growth orientation. The **Russell 1000 Value Index** is an unmanaged index that measures the performance of companies in the Russell 1000 Index considered to have less than average growth orientation. The **Russell 2000 Growth Index** is a capitalization weighted broad based index of 2,000 small capitalization US stocks considered to have a greater than average growth orientation. The **Russell 2000 Value Index** is an unmanaged index that measures the performance of companies in the Russell 2000 Index with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in indexes which are unmanaged and do not incur fees and charges.