



Meritage Growth Equity Fund

1Q 2017

MPGEX/MPGIX

OBJECTIVE

The Fund seeks long-term growth of capital.

INVESTOR / INSTITUTIONAL
SHARE CLASSES

Inception

12/20/2013 / 12/20/2013

Minimum Initial Investment

\$2,500 / \$100,000

Subsequent Investments

\$100 / \$1,000

CUSIP

14064D204 / 14064D105

Fund Assets

\$20.4 Million

Total Strategy Assets

\$409.9 Million

Holdings

43

Annual Turnover

67.0%

Broker Dealer / Registered

Representative Support

888.901.1114

913.345.7000

www.meritageportfoliofunds.com

7500 College Blvd., Suite 1212
Overland Park, KS 66210

Strategy

The Fund seeks long-term growth of capital by investing in growth companies attractively ranked by the Adviser's comprehensive value-centric ranking process. This process evaluates companies on the basis of growth, valuation, business momentum, investor sentiment and management IQ. Because there are no preconceived biases regarding sectors or industries, the Fund may often own attractive investments absent from other growth strategies. In addition, the emphasis on valuation and cash flow metrics helps manage the risk of being too momentum driven.

Annualized Return (%)

As of 3/31/2017	SHARE CLASS	QTR	YTD	1-YR	3-YR	SINCE INCEPTION
	Meritage Growth Equity Fund/Investor	8.47	8.47	19.54	10.54	10.50
	Meritage Growth Equity Fund/Institutional	8.59	8.59	19.81	10.84	10.81
	Russell 1000 Growth Index	8.91	8.91	15.76	11.27	11.25

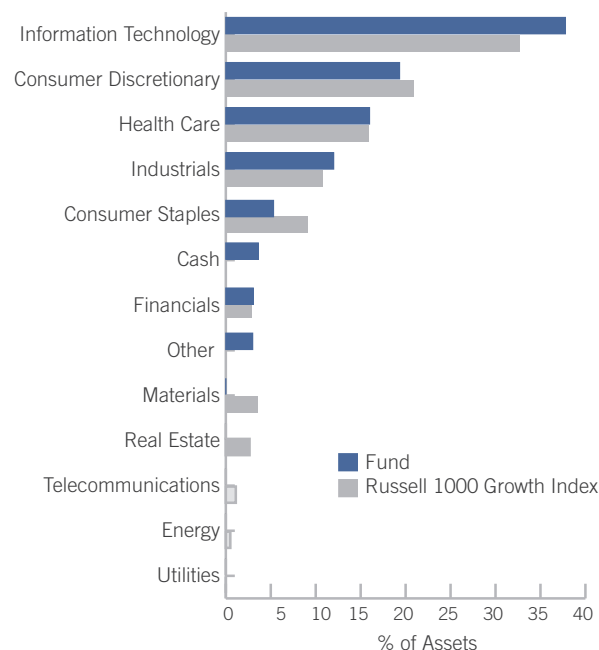
Expense ratio¹: Investor Shares Gross 1.88%; Net: 1.28%. Institutional Shares Gross 1.63%; Net: 1.03%.

Performance data quoted represents past performance and does not guarantee future results. The investment return 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 of the Fund may be lower or higher than the performance quoted. For most recent month-end performance figures, visit www.meritageportfoliofunds.com or call Shareholder Services at 855-261-0104.

Fund performance information shown includes the reinvestment of dividend and capital gain distributions, but does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund Shares.

¹The Adviser has contractually agreed to limit expenses at least until December 31, 2017. Although the Fund is no-load, investment management fees and other expenses still apply.

Sector Diversification % of assets



Top 10 Holdings

Company	% of assets
Apple Computer Inc.	5.6%
Amazon Inc.	5.0%
Alphabet Inc Cl A	4.2%
Microsoft Corporation	4.1%
Home Depot Inc.	3.9%
Consumer Staples Select Sector SPDR	3.6%
Mastercard Inc	3.6%
Thor Industries	3.5%
Priceline.com Incorporated	3.3%
Johnson & Johnson	3.1%

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Fund Highlights

The investment team seeks to add value through bottom-up security selection, owning a portfolio of companies whose earnings growth is not fully “priced in.”

The search for attractive growth investments is not constrained by benchmark or arbitrary sector, market-cap or geographic parameters. Up to 35% of the Fund’s assets may be invested in companies outside the U.S.

The Meritage investment team has been successfully managing assets for institutions and individuals in separately managed accounts for over 10 years, using this specific strategy. Total firm AUM as of 3/31/2017 is \$1.5 billion.

Management Team



Leonard C. Mitchell, CFA®

- » Principal and Senior Portfolio Manager
- » Investment professional since 1980 and with the Adviser since 1998
- » Bachelor of Business Administration, Accounting, Texas Christian University, 1975
- » Master of Business Administration, Finance, Texas Christian University, 1978



Sharon L. Divine, CFA®

- » Director of Quantitative Research and Senior Portfolio Manager of the Adviser since 2008
- » Principal of the Adviser since 2008
- » Investment professional since 1988 and with the Adviser since 1993
- » B.A., Computer Based Information Systems, University of Missouri-Kansas City, 1988
- » M.B.A., Finance, University of Missouri-Kansas City, 1989



John M. Wallis, CFA®

- » Director of Qualitative Research
- » Investment professional since 1991 and with the Adviser since 2012
- » Bachelor of Science, Justice Studies, Arizona State University, 1985
- » Master of Business Administration, Avila College, 1990

Manager Commentary

- » The Meritage Growth Equity Fund had a strong gain in the quarter. Growth strategies, in general, led the market this quarter as investors rotated back into higher quality companies with less cyclical earnings growth.
- » The strongest performing sectors in the fund were Health Care, Technology, and Consumer Discretionary. The weaker sectors were Industrials and Financials.
- » The fund’s relative performance was helped by strong security selection in Health Care and Consumer Staples, and held back by security selection in Industrials and a modest cash balance.
- » Sector weight changes in the Growth fund were relatively minor. Additional weight was added to Health Care and Industrials, while Technology and Consumer Staples were reduced slightly.
- » Several new positions give the portfolio additional cyclical exposure, consistent with our bottom-up ranking process which shows an overweight in Industrial stock opportunities. These included Gibraltar Industries (construction and energy products), Toro Company (outdoor maintenance), and Nordson Corp (adhesive and coatings.)
- » On the sale side, we took profits in long-term holdings TJX Companies, Dr. Pepper Snapple, and Coherent. We also reduced the position size of Nvidia after very strong appreciation over the past year.

¹The Fund’s adviser (the “Adviser”) has contractually agreed to waive its management fee and/or reimburse expenses so that total annual operating expenses (excluding (i) interest; (ii) taxes; (iii) brokerage fees and commissions; (iv) other extraordinary expenses not incurred in the ordinary course of the Fund’s business; (v) dividend expenses on short sales; (vi) indirect expenses such as acquired fund fees and expenses; and (vii) expenses incurred under a Rule 12b-1 plan of distribution) do not exceed 1.00% of the Fund’s average daily net assets through December 31, 2017. During any fiscal year that the Investment Advisory Agreement between the Adviser and Capitol Series Trust is in effect, the Adviser may recoup the sum of all fees previously waived or expenses reimbursed during any of the previous three (3) fiscal years, less any reimbursement previously paid, if such recoupment can be achieved within the foregoing expense limits. To the extent that any fees previously waived or expenses previously reimbursed are still recoverable under the expense cap agreement more than three (3) years after the date of the applicable fee waiver or expense reimbursement, the amount of such outstanding potential recoupment shall be booked as a liability of the Fund. This expense cap agreement may be terminated by the Board of Trustees (the “Board”) at any time.

Past performance is no guarantee of future results. The investment return and principal value of an investment in the Funds will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Meritage Mutual Funds. This and other important information about the Funds is contained in the Prospectus, which can be obtained by calling Shareholder Services at 855.261.0104. The Prospectus should be read carefully before investing.

The Fund may invest in **smaller companies**, which involves additional risks such as limited liquidity and greater volatility. Investments in emerging markets involve greater risks. **Foreign investments**, including **ADRs**, are subject to sovereign risk and may be adversely affected by changes in currency exchange rates, future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws or restrictions.

The Russell 1000 Growth Index measures the performance of the Russell 1000’s growth segment, which is defined to include firms whose share prices have higher price-to-book ratios and higher expected earnings growth rates.

Given the significant differences between separately managed accounts and mutual funds, investors should consider the differences in expenses, tax implications and the overall objectives between separately managed accounts and mutual funds before investing. Past performance of the strategy/separately managed account is not indicative of future performance of the fund.

Asset allocation and diversification do not ensure a profit or guarantee against loss.

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