



Meritage Value Equity Fund

3Q 2017

MVEBX

OBJECTIVE

The Fund seeks long-term growth of capital with income as a secondary objective.

Inception
12/20/2013

Minimum Initial Investment
\$100,000

Subsequent Investments
\$1,000

CUSIP
14064D303

Fund Assets
\$16.5 Million

Total Strategy Assets
\$289.9 Million

Holdings
48

Annual Turnover
75.7%

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, with income as a secondary objective, by investing in companies attractively ranked by the Adviser's comprehensive value-centric ranking process. This process incorporates intrinsic value analysis as well as factors predictive of stock price outperformance: measures of valuation, business momentum, investor sentiment and management IQ. This multivariate approach to valuation expands the "value" universe beyond that used by many traditional value managers, enabling ownership of desirable investments which may be absent from other value strategies.

Annualized Return (%)

As of 9/30/2017	SHARE CLASS	QTR	YTD	1-YR	3-YR	SINCE INCEPTION
	Meritage Value Equity Fund/Institutional	5.19	10.27	17.70	6.99	7.55
	Russell 1000 Value Index	3.12	7.92	15.12	8.53	9.41

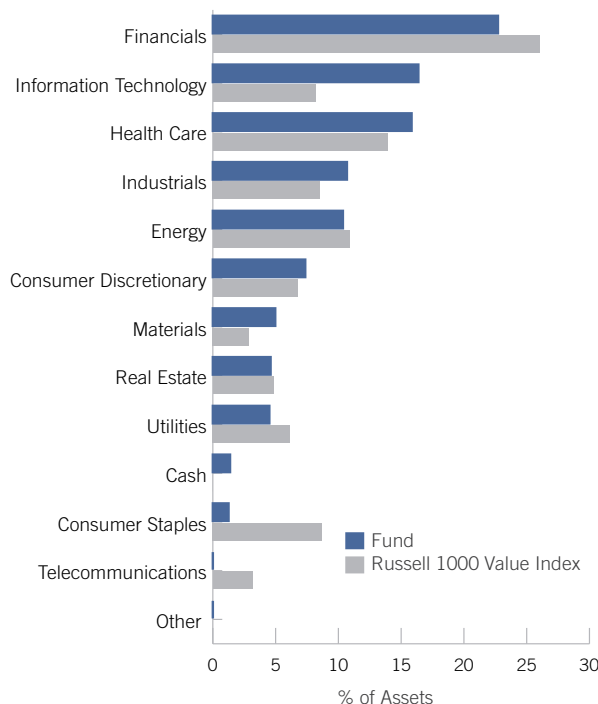
Expense ratio¹: Institutional Shares Gross 1.71%; Net: 1.04%.

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.

¹ The 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

Top 10 Holdings	% of assets
Energy Select Sector SPDR	3.5%
Reinsurance Grp of America Inc.	2.9%
State Street Corporation	2.9%
Spirit Aerosys Hldgs I Com Class A	2.8%
Berkshire Hathaway Inc. Class B	2.6%
Celgene Corp	2.6%
Aetna Inc	2.5%
Royal Dutch Shell PLC - ADR A	2.5%
UnitedHealthcare Group Inc.	2.4%
WNS Holdings Limited ADR	2.4%

MPVEX/MVEBX

Fund Highlights

The investment team seeks to add value by bottom-up security selection.

The search for attractive value 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 9/30/2017 is \$1.6 billion.

Management Team

Mark E. Eveans, CFA[®] President & CIO

- » Principal and a Director of the Adviser since firm was founded, 1991
- » B.A., Finance, Wichita State University, 1968
- » M.S., Finance, Wichita State University, 1970

Sharon L. Divine, CFA[®]

- » Director of Quantitative Research and Senior Portfolio Manager
- » Principal of the Adviser since 2008
- » Investment professional since 1988 and with the Adviser since 1993
- » B.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 Value Equity Fund had a very strong quarter, both in absolute terms and relative to the Russell 1000 Value benchmark. It remains nicely ahead of the benchmark for the year-to-date as well.
- » The Fund gained relative ground in the quarter from strong security selection in the Health Care, Industrials, and Information Technology sectors. Security selection in the Materials and Financials sectors held results back slightly.
- » The strongest performing sectors were Health Care, Energy, and Industrials while the weakest sectors were Real Estate, Materials and Consumer Staples.
- » We added new positions in Host Hotels (upscale hotel REIT), Louisiana-Pacific Corp. (building materials manufacturer), Northern Trust (financial services), Ross Stores (department stores), and Cirrus Logic (semiconductor supplier).
- » Sales were made of EnerSys, Goldman Sachs, and Sanmina-SCI, which all had reduced ranking in our stock selection process (lower expected future returns), and Aspen Holdings, a reinsurer with hurricane loss exposure.

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 Value Index measures the performance of the Russell 1000's value segment, which is defined to include firms whose share prices have lower price-to-book ratios and lower expected long-term mean 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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