



Where discipline meets common sense.

Annual Report

August 31, 2016

Meritage Growth Equity Fund MPGEX/MPGIX

Meritage Value Equity Fund MPVEX/MVEBX

Meritage Yield-Focus Equity Fund MPYEX/MPYIX

MESSAGE FROM THE CHIEF INVESTMENT OFFICER – (Unaudited)

At Meritage, we are value-driven investors. We buy stock in businesses when they i) score well in our comprehensive stock-ranking process (universe is global, all-cap and about 7,000 securities), and ii) are selling for less than we believe they are worth. Our value discipline is intended to provide a margin of safety and is one of our primary risk management tools, along with managing position sizes and diversification.

Dear Fellow Shareholders:

During the fiscal year ended August 31, 2016, equity market performance rebounded strongly from the decline experienced in fiscal year 2015. The equity market continued its weakness, especially in January 2016, but rallied substantially after that, enabling returns of 5% – 13% for major indices.

Notably, our Growth strategy performed well for the past year, slightly behind its respective market benchmark, and the Yield-Focus strategy performed well as compared to its most comparable benchmark, the Zacks Multi-Asset Income Index. Our Value strategy turned in a positive year, but trailed its primary benchmarks.

As always, the primary mechanism generating our strong long-term returns was responsible for our results in fiscal year 2016. Our robust bottom up value-centric security selection process continues to be refined and improved and rigorously searched for attractive mispriced securities, among all capitalization sizes and geographies throughout the world.

We explore this topic further in the following pages. A specific discussion of each Fund and its performance is included in Management’s Discussion of Fund Performance.

Thank you for your continued trust in us as stewards of your capital. As previously mentioned, we have our own money invested alongside yours in each of our funds, and we remain committed to delivering attractive risk-adjusted returns over full market cycles.

Sincerely,

Mark Eveans, CFA
President and Chief Investment Officer

MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE – (Unaudited)

Meritage Growth Equity Fund

For the fiscal year ended August 31, 2016, the Meritage Growth Equity Fund Institutional Class and Investor Class returned 10.4% and 10.1%, respectively. These returns were comparable to those provided by the broad equity market as represented by the Fund's primary benchmark, the Russell 1000 Growth Index, while exceeding the Lipper Large Cap Growth Index. They returned 10.5% and 6.1%, respectively, during the same time frame.

For the six months ended August 31, 2016, which is the period since our Semi-Annual Report, the Meritage Growth Equity Fund Institutional Class and Investor Class returned 13.9% and 13.8%, respectively. These were ahead of the Russell 1000 Growth Index benchmark which returned 11.9% during the same time frame, as well as the Lipper Large Cap Growth Index return of 12.0%.

From an attribution standpoint, the Fund's strong performance over the course of the last 12 months, compared to the benchmark, was driven primarily by three key factors. First, the Fund was overweighted for most of the period compared to the benchmark in the Information Technology sector, and our stock selection in that sector was superior. The interaction of these two factors was a significant positive. Second, while the index has only modest exposure to the Financial sector, our overweight helped the portfolio's relative returns due to our stock selection. The third area of outperformance came from the Industrial sector, where we were market weighted and again had superior stock selection.

Regarding specific issues, the strongest gainers for the year were Nvidia, up 176.1%, Coherent, up 80.4%, and Ubiquiti Networks, up 55.5%.

The poorest performers for the year were Mallinckrodt, down 32.8%, Jones Lang Lasalle, down 28.4%, and Gilead, down 24.0%.

As a value-centric and process driven Growth manager, most sector differences as compared to the benchmark are a result of either an under or overweight of specific, bottom-up, attractively valued growth opportunities identified by our process, within that particular sector.

We expect a continuation of abnormally low interest rates and below average economic growth for the world's leading economies. We believe many investors share our view and have correspondingly been willing to pay an excessive premium for well-known growth names. This is where we part company with the crowd, however, as we expect the value discipline embedded in our growth approach may yield better results over full market cycles.

Meritage Value Equity Fund

For the fiscal year ended August 31, 2016, the Meritage Value Equity Fund Institutional Class and Investor Class returned 1.9% and 1.5%, respectively. These returns fell short of the Russell 1000 Value Index benchmark which returned 12.9% during the same time frame, as well as the Lipper Large Cap Value Index return of 11.0%.

For the six months ended August 31, 2016, which is the period since our Semi-Annual Report, the Meritage Value Equity Fund Institutional Class and Investor Class returned 7.1% and 6.9%, respectively. These returns also fell short of the Russell 1000 Value Index benchmark which returned 16.3% during the same time frame, as well as the Lipper Large Cap Value Index return of 15.4%.

From an attribution standpoint, there were positive sector influences from Utilities, Telecommunications and Health Care which were offset by subpar security selection, particularly in the Health Care, Information Technology, Consumer Discretionary and Energy sectors.

MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE – (Unaudited) (continued)

Regarding individual issues, the strongest gainers for the year were Ingredion, up 51.5%, Raytheon, up 39.8%, and EnerSys up 33.2%.

The poorest performers for the year were Korn Ferry International, down 39.2%, Myriad Genetics, down 36.5% and Voya Financial, down 32.0%.

As a value-centric and process driven manager, most sector differences as compared to the benchmark are the result of either an under or overweight of specific bottom-up valuation opportunities identified by our process.

We expect a continuation of abnormally low interest rates and below average economic growth for the world's leading economies. We believe many investors share our view and have correspondingly been willing to pay a premium for well-known stocks. This is where we part company with the crowd, however, as we expect the discipline embedded in our value approach may yield better results over full market cycles.

Meritage Yield-Focus Equity Fund

For the fiscal year ended August 31, 2016, the Meritage Yield-Focus Equity Fund Institutional Class and Investor Class returned 9.6% and 9.4%, respectively. These returns broadly trailed the 13.0% total return for the Russell 3000 Value Index, a general market benchmark, but were significantly better than the Zacks Multi-Asset Income Index, a style-specific peer index, which returned 5.3% during the same time.

For the six months ended August 31, 2016, which is the period since our Semi-Annual Report, the Meritage Yield-Focus Equity Fund Institutional Class and Investor Class returned 11.4% and 11.3%, respectively. These returns also lagged the Russell 3000 Value Index, which returned 16.7% during the time period, and they also trailed the Zacks Multi-Asset Index, which returned 16.9% during the same time frame.

A founding premise of the Yield-Focus Equity Fund is to earn between 50 – 75% of the expected long-term equity return in the form of cash dividends and distributions. The strategy invests in six key types of equity asset classes – common stocks, master limited partnerships (MLPs), other limited partnerships, real estate investment trusts (REITs), business development companies, convertible preferred stocks and, in rare situations, straight preferred stocks. The Meritage comprehensive security selection process searches globally for attractive yield franchises.

For fiscal year ended August 31, 2016, regarding equity asset class performance, REITs and business development companies were the strongest relative performers, followed closely by common stocks. Limited partnerships and MLPs were the poorest performers.

In terms of specific issues, the strongest performers for the year were EPR Properties, up 62.8%, STAG Industrial, up 45.9% and Westar Energy, up 48.5%.

The poorest performers for the year were Seagate Technology PLC, down 56.0%, KKR & Co. LP, down 40.6% and Waddell & Reed Financial, Inc., down 30.6%.

We use two benchmarks in assessing the performance of the Yield-Focus Equity Fund. The Russell 3000 Value Index is a long-term general purpose value-centric benchmark without specificity regarding the Fund's distinct yield-focus style. The Zacks Multi-Asset Income Index has specific asset structure and distinguished dividend yield characteristics similar to the Fund.

INVESTMENT RESULTS – (Unaudited)

Average Annual Total Returns For the Periods Ended August 31, 2016 ^(a)			
<u>Fund/Index</u>	<u>1 Year</u>	<u>Since Inception (12/23/13)</u>	
Meritage Growth Equity Fund – Institutional Class	10.41%	8.64%	
Meritage Growth Equity Fund – Investor Class	10.13%	8.35%	
Russell 1000 Growth Index ^(b)	10.54%	9.75%	
Expense Ratios ^(c)			
	<u>Institutional Class</u>	<u>Investor Class</u>	
Gross	1.68%	1.93%	
With Applicable Waivers	1.02%	1.27%	

The performance quoted represents past performance, which 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. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Current performance of a Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-261-0104.

The performance in the preceding table reflects any fee reductions during the applicable period. If such fee reductions had not occurred, the quoted performance would be lower.

^(a) Return figures reflect any change in price per share and assume the reinvestment of all distributions.

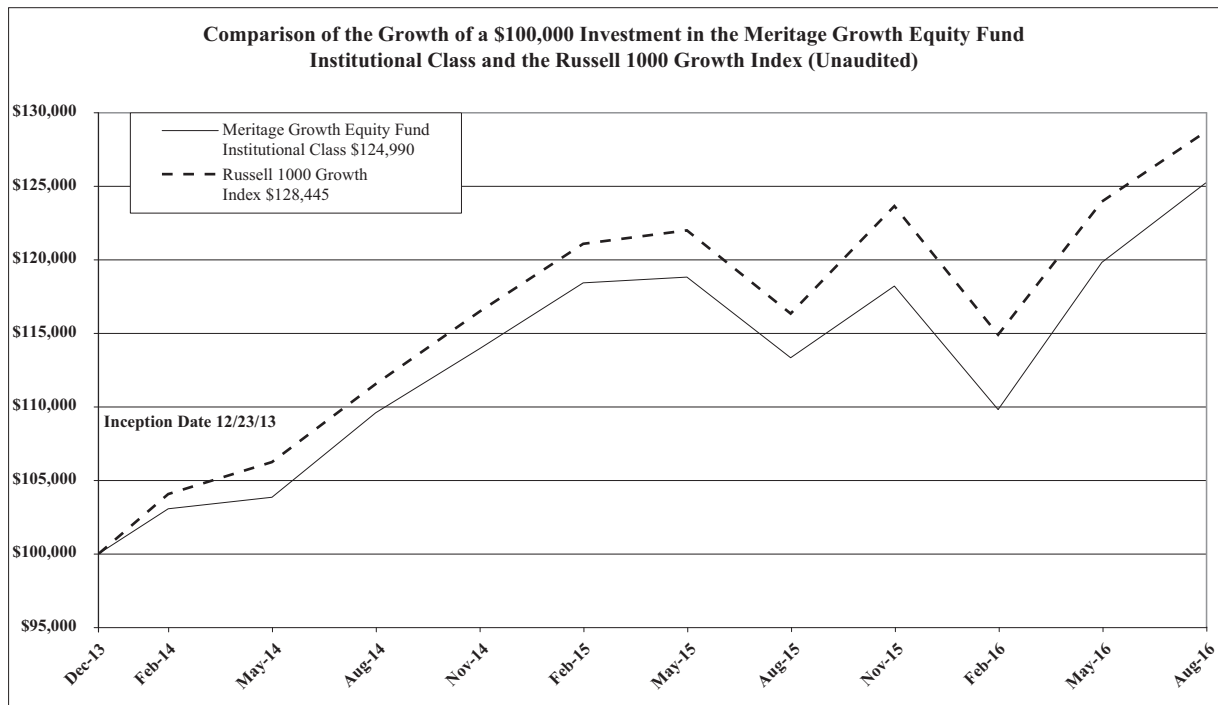
^(b) The Russell 1000 Growth Index is a widely recognized unmanaged index of equity securities and is representative of a broader domestic equity market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in an index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

^(c) The expense ratios are from the Fund's prospectus dated December 29, 2015. The Adviser has contractually agreed to waive or limit its fees and assume other expenses of the Fund through December 31, 2016, so that total annual fund operating expenses do not exceed 1.00% of the Fund's average daily net assets. This operating expense limitation does not apply to brokerage fees and commissions, borrowing costs (such as interest and dividend expenses on securities sold short), taxes, 12b-1 fees, extraordinary expenses and indirect expenses (such as "acquired fund fees and expenses"). Additional information pertaining to the Fund's expense ratios as of August 31, 2016 can be found in the financial highlights.

The Fund's investment objective, strategies, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company and may be obtained by calling 1-855-261-0104. Please read it carefully before investing.

The Fund is distributed by Unified Financial Securities, LLC, member FINRA.

INVESTMENT RESULTS – (Unaudited) (continued)



The chart above assumes an initial investment of \$100,000 made on December 23, 2013 (commencement of operations) and held through August 31, 2016. **THE FUND'S RETURNS REPRESENT PAST PERFORMANCE AND DO NOT GUARANTEE FUTURE RESULTS.** The returns shown do not reflect deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of the Fund's shares. Investment returns and principal values will fluctuate so that your shares, when redeemed, may be worth more or less than their original purchase price.

The Russell 1000 Growth Index is a widely recognized unmanaged index of equity securities and is representative of a broader domestic equity market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in an index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index. The Index returns do not include expenses, which have been deducted from the Fund's return. These performance figures include the change in value of the stocks in the Index plus the reinvestment of dividends and are not annualized. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

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INVESTMENT RESULTS – (Unaudited) (continued)

Average Annual Total Returns For the Periods Ended August 31, 2016 ^(a)			
<u>Fund/Index</u>	<u>1 Year</u>	<u>Since Inception (12/23/13)</u>	
Meritage Value Equity Fund – Institutional Class	1.85%	4.67%	
Meritage Value Equity Fund – Investor Class	1.51%	4.38%	
Russell 1000 Value Index ^(b)	12.92%	7.76%	
Expense Ratios ^(c)			
	<u>Institutional Class</u>	<u>Investor Class</u>	
Gross	1.69%	1.94%	
With Applicable Waivers	1.03%	1.28%	

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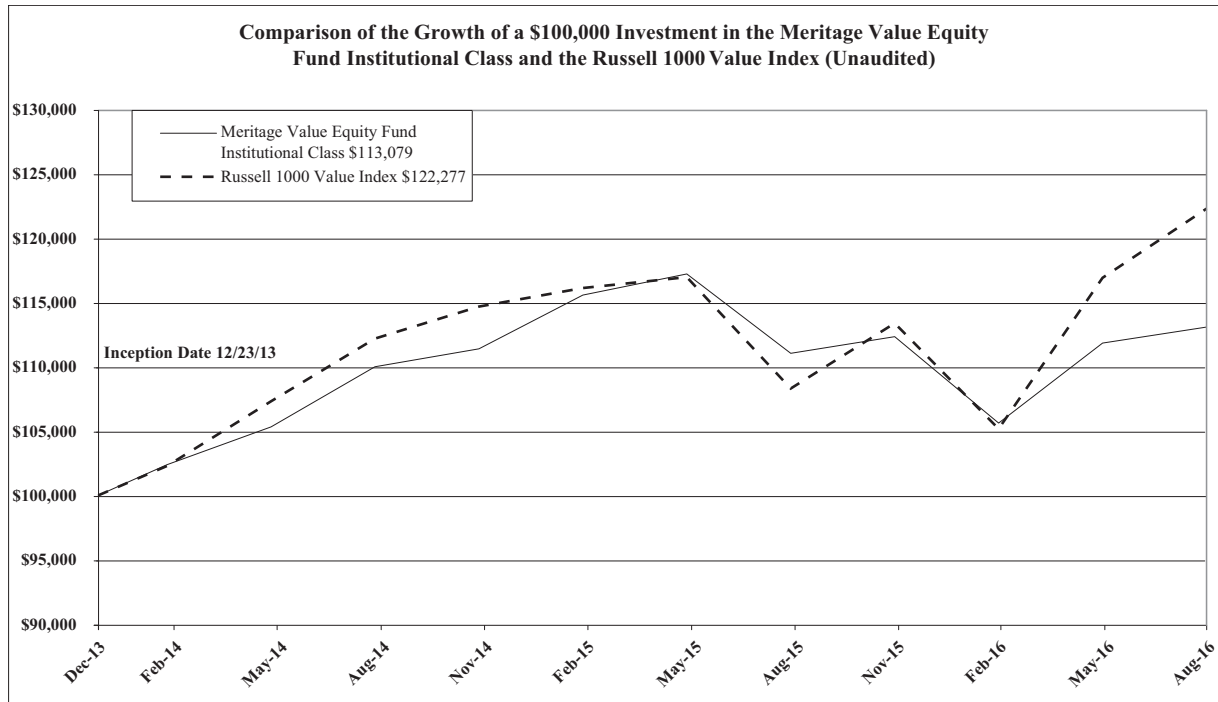
^(b) The Russell 1000 Value Index is a widely recognized unmanaged index of equity securities and is representative of a broader domestic equity market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in an index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

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INVESTMENT RESULTS – (Unaudited) (continued)



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INVESTMENT RESULTS – (Unaudited) (continued)

Average Annual Total Returns For the Periods Ended August 31, 2016 ^(a)			
<u>Fund/Index</u>	<u>1 Year</u>	<u>Since Inception (12/23/13)</u>	
Meritage Yield-Focus Equity Fund – Institutional Class	9.58%	2.89%	
Meritage Yield-Focus Equity Fund – Investor Class	9.35%	2.62%	
Russell 3000 Value Index ^(b)	12.98%	7.48%	
Zacks Multi-Asset Income Index TR ^(c)	5.27%	-2.14%	
Expense Ratios ^(d)			
	<u>Institutional Class</u>	<u>Investor Class</u>	
Gross	1.62%	1.87%	
With Applicable Waivers	1.18%	1.43%	

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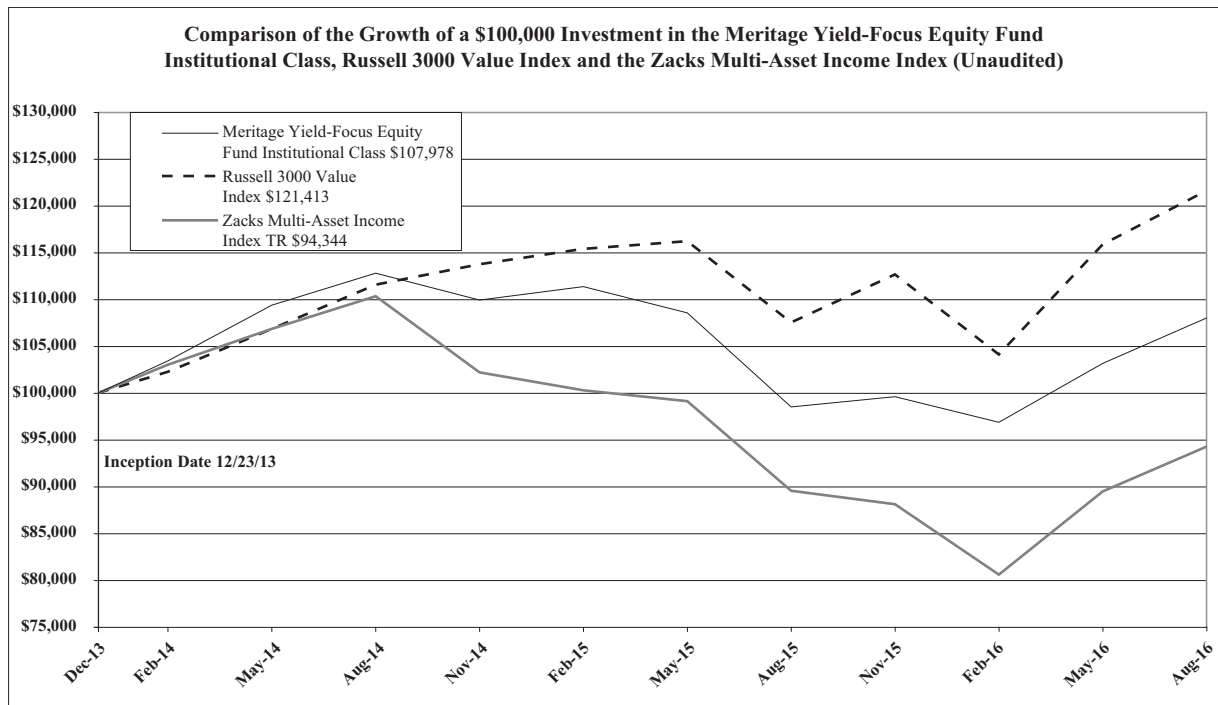
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- ^(c) The Zacks Multi-Asset Income Index is comprised of approximately 125 to 150 securities selected, based on investment and other criteria, from a universe of domestic and international companies. The universe of securities within the Index includes U.S. listed common stocks and ADRs paying dividends, real estate investment trusts, MLPs, closed end funds, Canadian royalty trusts and traditional preferred stocks. Individuals cannot invest directly in an index.
- ^(d) The expense ratios are from the Fund's prospectus dated December 29, 2015. The Adviser has contractually agreed to waive or limit its fees and assume other expenses of the Fund through December 31, 2016, so that total annual fund operating expenses do not exceed 1.00% of the Fund's average daily net assets. This operating expense limitation does not apply to brokerage fees and commissions, borrowing costs (such as interest and dividend expenses on securities sold short), taxes, 12b-1 fees, extraordinary expenses and indirect expenses (such as "acquired fund fees and expenses"). Additional information pertaining to the Fund's expense ratios as of August 31, 2016 can be found in the financial highlights.

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INVESTMENT RESULTS – (Unaudited) (continued)



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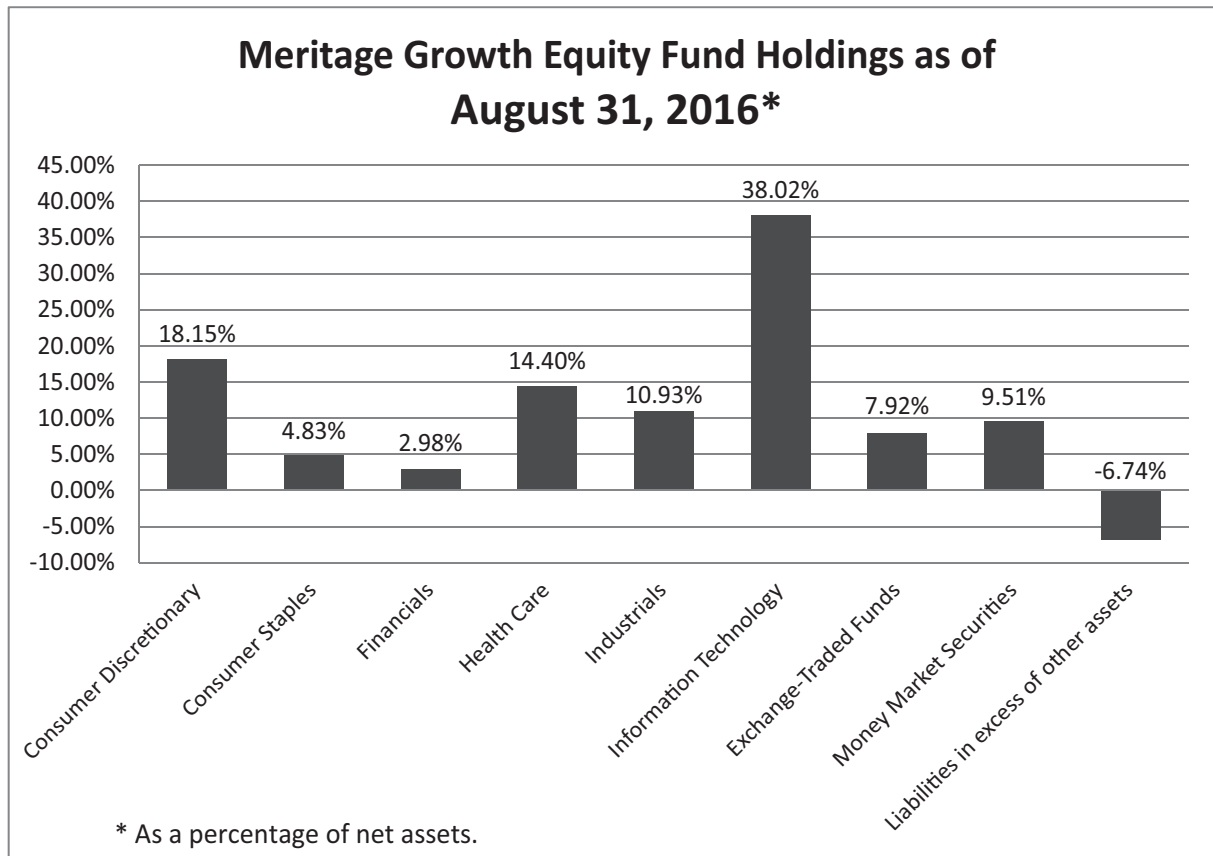
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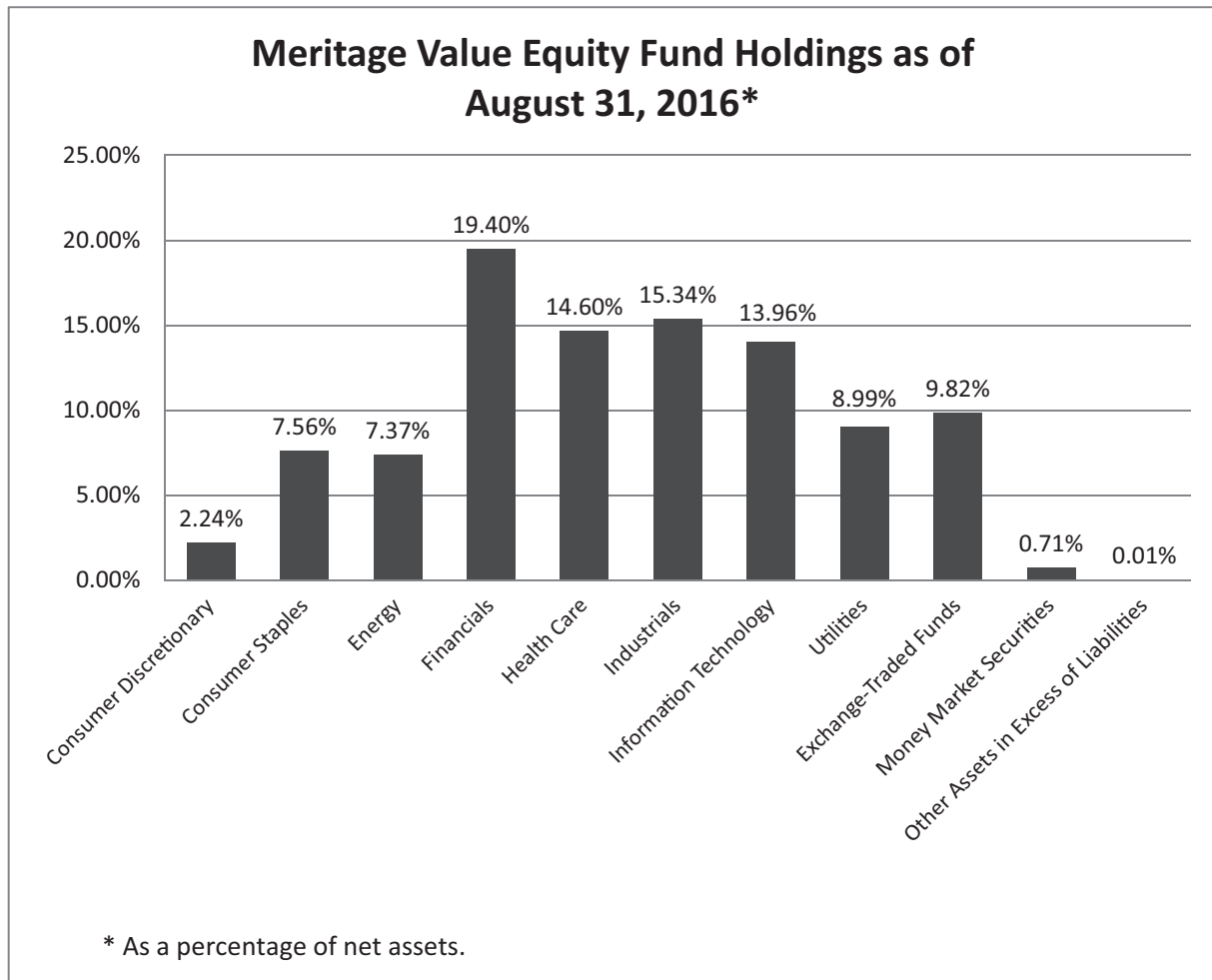
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FUND HOLDINGS – (Unaudited)



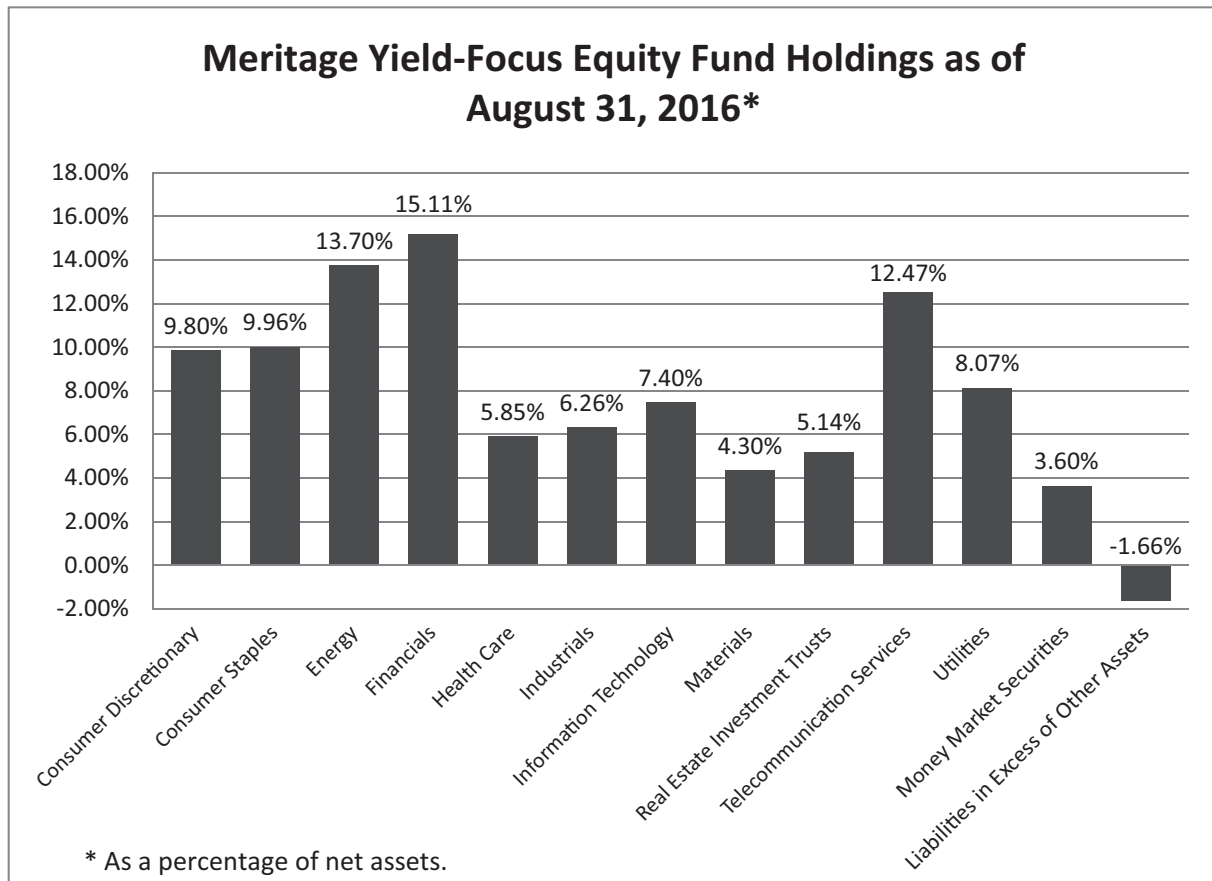
The investment objective of the Meritage Growth Equity Fund is to seek growth of capital.

FUND HOLDINGS – (Unaudited) (continued)



The investment objective of the Meritage Value Equity Fund is to seek growth of capital. Income is a secondary objective.

FUND HOLDINGS – (Unaudited) (continued)



The investment objective of the Meritage Yield-Focus Equity Fund is to seek long-term growth of capital with an emphasis on high current income.

AVAILABILITY OF PORTFOLIO SCHEDULE – (Unaudited)

The Funds will file their complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarter of each fiscal year on Form N-Q. The Funds’ Forms N-Q will be available at the SEC’s website at www.sec.gov. The Form N-Q may be reviewed and copied at the Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

MERITAGE GROWTH EQUITY FUND
SCHEDULE OF INVESTMENTS

August 31, 2016

COMMON STOCKS – 89.31%	<u>Shares</u>	<u>Fair Value</u>
Consumer Discretionary – 18.15%		
Amazon.com, Inc. *	931	\$ 716,088
Helen of Troy Ltd. *	3,965	358,198
Home Depot, Inc./The	5,410	725,589
Omnicom Group, Inc.	4,680	403,088
Priceline Group, Inc./The *	215	304,597
Thor Industries, Inc.	3,265	264,955
TJX Cos., Inc./The	6,030	466,963
		<u>3,239,478</u>
Consumer Staples – 4.83%		
Colgate-Palmolive Co.	4,630	344,194
Dr. Pepper Snapple Group, Inc.	5,515	516,756
		<u>860,950</u>
Financials – 2.98%		
Aon PLC	2,260	251,651
Everest Re Group Ltd.	1,451	280,594
		<u>532,245</u>
Health Care – 14.40%		
Amgen, Inc.	2,216	376,853
Cambrex Corp. *	4,365	186,953
Gilead Sciences, Inc.	5,510	431,874
Intuitive Surgical, Inc. *	331	227,205
Jazz Pharmaceuticals PLC *	1,468	181,782
Johnson & Johnson	5,045	602,070
McKesson Corp.	1,630	300,931
Mettler-Toledo International, Inc. *	651	262,399
		<u>2,570,067</u>
Industrials – 10.93%		
Acuity Brands, Inc.	1,912	526,029
AMETEK, Inc.	4,715	229,856
AZZ, Inc.	3,855	256,088
Danaher Corp.	4,487	365,287
Deluxe Corp.	5,665	386,183
Snap-on, Inc.	1,215	186,247
		<u>1,949,690</u>
Information Technology – 38.02%		
Alphabet, Inc., Class A *	766	605,025
Apple, Inc.	7,984	847,102
Applied Materials, Inc.	7,690	229,470
Cisco Systems, Inc.	13,465	423,340

See accompanying notes which are an integral part of these financial statements.

MERITAGE GROWTH EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2016

COMMON STOCKS – 89.31% – continued	<u>Shares</u>	<u>Fair Value</u>
Information Technology – 38.02% – continued		
Citrix Systems, Inc. *	2,760	\$ 240,672
Coherent, Inc. *	3,400	357,612
F5 Networks, Inc. *	2,350	288,416
Facebook, Inc., Class A *	1,850	233,322
Fiserv, Inc. *	4,015	413,746
II-VI, Inc. *	7,320	155,111
MasterCard, Inc., Class A	4,645	448,846
MaxLinear, Inc., Class A *	11,990	229,848
Mellanox Technologies Ltd. *	4,365	191,362
MKS Instruments, Inc.	6,655	324,365
NICE-Systems Ltd. ADR	5,165	353,441
NVIDIA Corp.	12,500	766,750
Red Hat, Inc. *	2,905	212,007
Tessera Technologies, Inc.	6,070	203,588
Ubiquiti Networks, Inc. *	5,085	261,369
		<u>6,785,392</u>
TOTAL COMMON STOCKS (Cost \$13,530,960)		<u>15,937,822</u>
EXCHANGE-TRADED FUNDS – 7.92%		
Consumer Staples Select Sector SPDR Fund	13,475	733,309
iShares Russell 1000 Growth ETF	6,530	680,295
TOTAL EXCHANGE-TRADED FUNDS (Cost \$1,374,355)		<u>1,413,604</u>
MONEY MARKET SECURITIES – 9.51%		
Fidelity Institutional Money Market Funds Treasury Portfolio – Class I, 0.20% ^(a)	1,696,937	1,696,937
TOTAL MONEY MARKET SECURITIES (Cost \$1,696,937)		<u>1,696,937</u>
TOTAL INVESTMENTS – 106.74% (Cost \$16,602,252)		<u>19,048,363</u>
Liabilities in Excess of Other Assets – (6.74)%		<u>(1,202,213)</u>
NET ASSETS – 100.00%		<u>\$17,846,150</u>

^(a) Rate disclosed is the seven day effective yield as of August 31, 2016.

* Non-income producing security.

ADR – American Depositary Receipt

The sectors shown on the schedule of investments are based on Global Industry Classification Standard, or GICS® (“GICS”). The GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI, Inc. and S&P and has been licensed for use by Ultimius Asset Services, LLC.

See accompanying notes which are an integral part of these financial statements.

MERITAGE VALUE EQUITY FUND
SCHEDULE OF INVESTMENTS
August 31, 2016

COMMON STOCKS – 89.46%	<u>Shares</u>	<u>Fair Value</u>
Consumer Discretionary – 2.24%		
Michael Kors Holdings Ltd. *	6,345	\$ 310,588
Consumer Staples – 7.56%		
CVS Health Corp.	3,505	327,367
Ingredion, Inc.	4,120	564,275
Pilgrim’s Pride Corp.	6,800	156,944
		<u>1,048,586</u>
Energy – 7.37%		
Chevron Corp.	5,160	518,993
Royal Dutch Shell PLC ADR	10,285	502,937
		<u>1,021,930</u>
Financials – 19.40%		
Aspen Insurance Holdings Ltd.	6,725	309,081
Berkshire Hathaway, Inc., Class B *	2,629	395,638
Fidelity & Guaranty Life	6,525	155,295
Horace Mann Educators Corp.	8,275	302,451
Prudential Financial, Inc.	3,975	315,536
Reinsurance Group of America, Inc.	3,740	401,377
Torchmark Corp.	5,312	343,580
Unum Group	6,170	219,714
Voya Financial, Inc.	8,465	247,517
		<u>2,690,189</u>
Health Care – 14.60%		
Aetna, Inc.	2,800	327,936
Cigna Corp.	2,180	279,607
ICON PLC *	3,935	302,169
Myriad Genetics, Inc. *	10,075	205,127
Taro Pharmaceutical Industries Ltd. *	2,340	296,244
Teva Pharmaceutical Industries Ltd. ADR	5,895	297,049
UnitedHealth Group, Inc.	2,320	315,636
		<u>2,023,768</u>
Industrials – 15.34%		
EnerSys	5,885	414,186
General Dynamics Corp.	2,170	330,317
Huron Consulting Group, Inc. *	2,265	142,378
Raytheon Co.	2,270	318,095
Southwest Airlines Co.	7,085	261,295
Spirit AeroSystems Holdings, Inc. *	6,615	303,099
UniFirst Corp.	2,780	356,924
		<u>2,126,294</u>

See accompanying notes which are an integral part of these financial statements.

MERITAGE VALUE EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2016

COMMON STOCKS – 89.46% – continued	<u>Shares</u>	<u>Fair Value</u>
Information Technology – 13.96%		
Check Point Software Technologies Ltd. *	3,565	\$ 273,578
Cognizant Technology Solutions Corp., Class A *	4,635	266,234
Synopsys, Inc. *	7,090	420,366
Teradata Corp. *	9,370	297,310
Teradyne, Inc.	7,645	161,004
Vmware, Inc., Class A *	4,105	301,020
WNS Holdings Ltd. ADR *	7,385	216,602
		<u>1,936,114</u>
Utilities – 8.99%		
Ameren Corp.	7,150	353,353
Entergy Corp.	5,290	413,678
Exelon Corp.	14,095	479,230
		<u>1,246,261</u>
TOTAL COMMON STOCKS (Cost \$11,173,660)		<u>12,403,730</u>
EXCHANGE-TRADED FUNDS – 9.82%		
iShares Global Telecom ETF	3,220	199,286
iShares Russell 1000 Value ETF	4,380	465,988
Utilities Select Sector SPDR Fund	9,640	474,577
Vanguard Telecommunication Services ETF	2,325	220,968
TOTAL EXCHANGE-TRADED FUNDS (Cost \$1,220,416)		<u>1,360,819</u>
MONEY MARKET SECURITIES – 0.71%		
Fidelity Institutional Money Market Funds Treasury Portfolio – Class I, 0.20% ^(a)	98,073	98,073
TOTAL MONEY MARKET SECURITIES (Cost \$98,073)		<u>98,073</u>
TOTAL INVESTMENTS – 99.99% (Cost \$12,492,149)		<u>13,862,622</u>
Other Assets in Excess of Liabilities – 0.01%		<u>1,741</u>
NET ASSETS – 100.00%		<u>\$13,864,363</u>

^(a) Rate disclosed is the seven day effective yield as of August 31, 2016.

* Non-income producing security.

ADR – American Depositary Receipt

ETF – Exchange-Traded Fund

The sectors shown on the schedule of investments are based on Global Industry Classification Standard, or GICS[®] (“GICS”). The GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS is a service mark of MSCI, Inc. and S&P and has been licensed for use by Ultimus Asset Services, LLC.

See accompanying notes which are an integral part of these financial statements.

MERITAGE YIELD-FOCUS EQUITY FUND
SCHEDULE OF INVESTMENTS

August 31, 2016

COMMON STOCKS – 91.12%	Shares	Fair Value
Consumer Discretionary – 9.80%		
GameStop Corp., Class A	28,485	\$ 808,689
Gannett Co., Inc.	68,810	820,903
Garmin Ltd.	18,845	924,913
Kohl’s Corp.	17,280	766,886
Staples, Inc.	70,270	601,511
		<u>3,922,902</u>
Consumer Staples – 9.96%		
Altria Group, Inc.	15,520	1,025,717
Philip Morris International, Inc.	9,220	921,355
Reynolds American, Inc.	20,937	1,037,847
Universal Corp.	16,720	1,006,042
		<u>3,990,961</u>
Energy – 13.70%		
BP PLC ADR	25,270	855,642
Columbia Pipeline Partners LP ^(a)	26,845	364,287
Enterprise Products Partners LP ^(a)	29,875	788,700
Repsol SA ADR	71,405	954,685
Royal Dutch Shell PLC ADR	15,145	782,845
Total SA ADR	15,355	733,201
Valero Energy Corp.	18,215	1,008,200
		<u>5,487,560</u>
Financials – 13.58%		
AllianceBernstein Holding LP ^(a)	32,865	719,415
Ares Capital Corp. ^(b)	42,115	680,578
Banco Latinoamericano de Comercio Exterior SA	22,440	648,292
Invesco Ltd.	28,795	898,116
Maiden Holdings Ltd.	46,550	642,855
Old Republic International Corp.	40,120	771,508
Principal Financial Group, Inc.	9,020	442,611
Solar Capital Ltd. ^(b)	30,870	634,070
		<u>5,437,445</u>
Health Care – 4.01%		
Merck & Co., Inc.	13,320	836,363
Pfizer, Inc.	22,160	771,168
		<u>1,607,531</u>
Industrials – 6.26%		
Boeing Co./The	4,655	602,590
Eaton Corp. PLC	10,065	669,725
Emerson Electric Co.	11,620	612,142
Lockheed Martin Corp.	2,565	623,218
		<u>2,507,675</u>

See accompanying notes which are an integral part of these financial statements.

MERITAGE YIELD-FOCUS EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2016

COMMON STOCKS – 91.12% – continued	<u>Shares</u>	<u>Fair Value</u>
Information Technology – 7.40%		
HP, Inc.	58,550	\$ 841,363
International Business Machines Corp.	4,858	771,839
Lexmark International, Inc., Class A	11,330	405,727
QUALCOMM, Inc.	14,980	944,789
		<u>2,963,718</u>
Materials – 4.30%		
Domtar Corp.	21,545	804,059
Lyondellbasell Industries NV, Class A	11,650	919,068
		<u>1,723,127</u>
Real Estate Investment Trusts – 3.59%		
Medical Properties Trust, Inc.	41,065	627,063
Omega Healthcare Investors, Inc.	22,405	811,061
		<u>1,438,124</u>
Telecommunication Services – 12.47%		
AT&T, Inc.	28,015	1,145,253
BCE, Inc. ADR	23,615	1,102,820
CenturyLink, Inc.	26,805	745,179
Rogers Communications, Inc.	21,120	903,725
Verizon Communications, Inc.	20,997	1,098,773
		<u>4,995,750</u>
Utilities – 6.05%		
Entergy Corp.	11,285	882,487
National Grid PLC ADR	11,785	818,940
Public Service Enterprise Group, Inc.	16,860	720,934
		<u>2,422,361</u>
TOTAL COMMON STOCKS (Cost \$33,229,129)		<u>36,497,154</u>
PREFERRED STOCKS – 4.92%		
Financials – 1.53%		
Charles Schwab Corp/The, Series D, 5.95%	22,355	612,527
Health Care – 1.84%		
Anthem Inc., 5.25%	17,135	735,606
Real Estate Investment Trusts – 1.55%		
Public Storage, Series C, 5.13%	23,320	622,644
TOTAL PREFERRED STOCKS (Cost \$1,919,530)		<u>1,970,777</u>
CONVERTIBLE PREFERRED STOCKS – 2.02%		
Utilities – 2.02%		
Exelon Corp., 6.50%	17,055	808,578
TOTAL CONVERTIBLE PREFERRED STOCKS (Cost \$819,591)		<u>808,578</u>

See accompanying notes which are an integral part of these financial statements.

MERITAGE YIELD-FOCUS EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)

August 31, 2016

MONEY MARKET SECURITIES – 3.60%	<u>Shares</u>	<u>Fair Value</u>
Fidelity Institutional Money Market Funds Treasury Portfolio – Class I, 0.20% ^(c)	1,442,368	\$ 1,442,368
TOTAL MONEY MARKET SECURITIES (Cost \$1,442,368)		<u>1,442,368</u>
TOTAL INVESTMENTS – 101.66% (Cost \$37,410,618)		<u>40,718,877</u>
Liabilities in Excess of Other Assets – (1.66)%		<u>(665,026)</u>
NET ASSETS – 100.00%		<u>\$40,053,851</u>

^(a) Master Limited Partnership

^(b) Business Development Company

^(c) Rate disclosed is the seven day effective yield as of August 31, 2016.

ADR – American Depositary Receipt

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See accompanying notes which are an integral part of these financial statements.

STATEMENTS OF ASSETS AND LIABILITIES

August 31, 2016

	<u>Meritage Growth Equity Fund</u>	<u>Meritage Value Equity Fund</u>	<u>Meritage Yield- Focus Equity Fund</u>
Assets			
Investments in securities at value (cost \$16,602,252, \$12,492,149 and \$37,410,618)	\$19,048,363	\$13,862,622	\$40,718,877
Cash	677	-	-
Receivable for fund shares sold	-	-	4,469
Receivable for investments sold	-	113,705	-
Dividends receivable	23,778	31,651	153,606
Tax reclaims receivable	952	-	4,281
Receivable from Adviser	-	355	-
Prepaid expenses	8,650	5,800	15,692
Total Assets	<u>19,082,420</u>	<u>14,014,133</u>	<u>40,896,925</u>
Liabilities			
Payable for fund shares redeemed	302,286	127,670	14,539
Payable for investments purchased	909,941	-	775,026
Payable to Adviser	2,183	-	14,695
Accrued 12b-1 fees – Investor class	148	4	4,017
Payable to administrator, fund accountant, and transfer agent	5,399	4,668	10,903
Payable to custodian	314	977	734
Other accrued expenses	15,999	16,451	23,160
Total Liabilities	<u>1,236,270</u>	<u>149,770</u>	<u>843,074</u>
Net Assets	<u>\$17,846,150</u>	<u>\$13,864,363</u>	<u>\$40,053,851</u>
Net Assets consist of:			
Paid-in capital	\$15,452,820	\$13,014,544	\$43,374,788
Accumulated undistributed net investment income	38,921	115,339	48,558
Accumulated undistributed net realized loss from investment transactions	(91,702)	(635,993)	(6,677,754)
Net unrealized appreciation on investments	2,446,111	1,370,473	3,308,259
Net Assets	<u>\$17,846,150</u>	<u>\$13,864,363</u>	<u>\$40,053,851</u>
Net Assets: Institutional Class			
Shares outstanding (unlimited number of shares authorized, no par value)	1,443,538	1,251,992	2,932,546
Net asset value, offering and redemption price per share	<u>\$ 12.11</u>	<u>\$ 11.07</u>	<u>\$ 10.00</u>
Net Assets: Investor Class	<u>\$ 367,037</u>	<u>\$ 10,347</u>	<u>\$10,713,881</u>
Shares outstanding (unlimited number of shares authorized, no par value)	30,502	940	1,073,029
Net asset value, offering and redemption price per share	<u>\$ 12.03</u>	<u>\$ 11.01</u>	<u>\$ 9.98</u>

See accompanying notes which are an integral part of these financial statements.

STATEMENTS OF OPERATIONS
For the year ended August 31, 2016

	<u>Meritage Growth Equity Fund</u>	<u>Meritage Value Equity Fund</u>	<u>Meritage Yield- Focus Equity Fund</u>
Investment Income			
Dividend income			
(net of foreign taxes withheld of \$0, \$5,858 and \$44,913)	\$ 194,665	\$ 249,873	\$ 1,671,100
Total investment income	<u>194,665</u>	<u>249,873</u>	<u>1,671,100</u>
Expenses			
Investment Adviser	117,526	99,121	283,928
Administration	26,393	22,523	63,884
Fund accounting	17,596	15,016	42,389
Transfer agent	14,155	12,083	34,277
Audit	20,126	20,126	20,126
Registration	12,278	10,349	35,226
Legal	8,348	7,542	18,610
12b-1 – Investor Class	480	25	23,050
Custodian	5,697	6,439	10,445
Report printing	4,502	4,417	12,386
Insurance	3,322	3,150	5,969
Trustee	3,354	3,282	4,171
Pricing	2,314	2,363	2,472
Other	14,926	14,262	31,604
Total expenses	<u>251,017</u>	<u>220,698</u>	<u>588,537</u>
Fees waived by Adviser	(93,928)	(88,618)	(186,012)
Net operating expenses	<u>157,089</u>	<u>132,080</u>	<u>402,525</u>
Net investment income	<u>37,576</u>	<u>117,793</u>	<u>1,268,575</u>
Net Realized and Unrealized Gain (Loss) on Investments			
Net realized loss on investment securities transactions	(76,545)	(615,738)	(4,040,290)
Net realized loss on foreign currency transactions	–	–	(258)
Net change in unrealized appreciation of investment securities	1,687,088	784,958	6,318,403
Net realized and unrealized gain on investments	<u>1,610,543</u>	<u>169,220</u>	<u>2,277,855</u>
Net increase in net assets resulting from operations	<u>\$1,648,119</u>	<u>\$ 287,013</u>	<u>\$ 3,546,430</u>

See accompanying notes which are an integral part of these financial statements.

MERITAGE GROWTH EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 37,576	\$ 10,151
Net realized gain (loss) on investment securities transactions	(76,545)	301,011
Net change in unrealized appreciation of investment securities	<u>1,687,088</u>	<u>36,414</u>
Net increase in net assets resulting from operations	<u>1,648,119</u>	<u>347,576</u>
Distributions		
From net investment income – Institutional Class	(8,254)	(9,879)
From net investment income – Investor Class	–	(90)
From net realized gains – Institutional Class	(306,530)	(117,832)
From net realized gains – Investor Class	<u>(3,439)</u>	<u>(1,660)</u>
Total distributions	<u>(318,223)</u>	<u>(129,461)</u>
Capital Transactions – Institutional Class		
Proceeds from shares sold	3,937,403	4,756,438
Reinvestment of distributions	306,740	127,710
Amount paid for shares redeemed	<u>(1,405,523)</u>	<u>(2,409,418)</u>
Total Institutional Class	<u>2,838,620</u>	<u>2,474,730</u>
Capital Transactions – Investor Class		
Proceeds from shares sold	209,178	37,500
Reinvestment of distributions	2,111	919
Amount paid for shares redeemed	<u>(29,277)</u>	<u>(13,254)</u>
Total Investor Class	<u>182,012</u>	<u>25,165</u>
Net increase in net assets resulting from capital transactions	<u>3,020,632</u>	<u>2,499,895</u>
Total Increase in Net Assets	<u>4,350,528</u>	<u>2,718,010</u>
Net Assets		
Beginning of year	<u>13,495,622</u>	<u>10,777,612</u>
End of year	<u>\$17,846,150</u>	<u>\$13,495,622</u>
Accumulated undistributed net investment income included in net assets at end of year	<u>\$ 38,921</u>	<u>\$ 9,828</u>
Share Transactions – Institutional Class		
Shares sold	347,376	415,966
Shares issued in reinvestment of distributions	27,169	11,213
Shares redeemed	<u>(121,465)</u>	<u>(208,834)</u>
Total Institutional Class	<u>253,080</u>	<u>218,345</u>
Share Transactions – Investor Class		
Shares sold	18,178	3,364
Shares issued in reinvestment of distributions	188	81
Shares redeemed	<u>(2,612)</u>	<u>(1,126)</u>
Total Investor Class	<u>15,754</u>	<u>2,319</u>
Net increase in shares outstanding	<u>268,834</u>	<u>220,664</u>

See accompanying notes which are an integral part of these financial statements.

MERITAGE VALUE EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended August 31, 2016	For the Year Ended August 31, 2015
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 117,793	\$ 105,299
Net realized gain (loss) on investment securities transactions	(615,738)	31,932
Net change in unrealized appreciation (depreciation) of investment securities	784,958	(79,858)
Net increase in net assets resulting from operations	<u>287,013</u>	<u>57,373</u>
Distributions		
From net investment income – Institutional Class	(105,233)	(34,360)
From net investment income – Investor Class	(66)	(23)
From net realized gains – Institutional Class	(50,500)	(66,161)
From net realized gains – Investor Class	(39)	(56)
Total distributions	<u>(155,838)</u>	<u>(100,600)</u>
Capital Transactions – Institutional Class		
Proceeds from shares sold	3,408,257	3,521,673
Reinvestment of distributions	153,110	100,521
Amount paid for shares redeemed	(1,159,673)	(1,931,369)
Total Institutional Class	<u>2,401,694</u>	<u>1,690,825</u>
Capital Transactions – Investor Class		
Proceeds from shares sold	–	2,500
Reinvestment of distributions	105	79
Amount paid for shares redeemed	–	(1,162)
Total Investor Class	<u>105</u>	<u>1,417</u>
Net increase in net assets resulting from capital transactions	<u>2,401,799</u>	<u>1,692,242</u>
Total Increase in Net Assets	<u>2,532,974</u>	<u>1,649,015</u>
Net Assets		
Beginning of year	<u>11,331,389</u>	<u>9,682,374</u>
End of year	<u>\$13,864,363</u>	<u>\$11,331,389</u>
Accumulated undistributed net investment income included in net assets at end of year	\$ 115,339	\$ 105,299
Share Transactions – Institutional Class		
Shares sold	313,214	312,825
Shares issued in reinvestment of distributions	14,164	8,904
Shares redeemed	(104,992)	(171,721)
Total Institutional Class	<u>222,386</u>	<u>150,008</u>
Share Transactions – Investor Class		
Shares sold	–	215
Shares issued in reinvestment of distributions	10	7
Shares redeemed	–	(101)
Total Investor Class	<u>10</u>	<u>121</u>
Net increase in shares outstanding	222,396	150,129

See accompanying notes which are an integral part of these financial statements.

MERITAGE YIELD-FOCUS EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 1,268,575	\$ 1,349,196
Net realized (loss) on investment securities transactions	(4,040,548)	(2,692,078)
Net change in unrealized appreciation (depreciation) of investment securities	6,318,403	(4,254,389)
Net decrease in net assets resulting from operations	<u>3,546,430</u>	<u>(5,597,271)</u>
Distributions		
From net investment income – Institutional Class	(982,202)	(1,143,993)
From net investment income – Investor Class	(267,892)	(430,671)
From net realized gains – Institutional Class	–	(67,297)
From net realized gains – Investor Class	–	(32,817)
From return of capital – Institutional Class	–	(36,917)
From return of capital – Investor Class	–	(17,535)
Total distributions	<u>(1,250,094)</u>	<u>(1,729,230)</u>
Capital Transactions – Institutional Class		
Proceeds from shares sold	11,584,316	14,547,861
Reinvestment of distributions	949,085	1,128,297
Amount paid for shares redeemed	(13,279,431)	(8,566,630)
Total Institutional Class	<u>(746,030)</u>	<u>7,109,528</u>
Capital Transactions – Investor Class		
Proceeds from shares sold	5,341,482	19,159,246
Reinvestment of distributions	255,968	424,363
Amount paid for shares redeemed	(6,117,689)	(9,405,752)
Total Investor Class	<u>(520,239)</u>	<u>10,177,857</u>
Net increase (decrease) in net assets resulting from capital transactions	<u>(1,266,269)</u>	<u>17,287,385</u>
Total Increase in Net Assets	<u>1,030,067</u>	<u>9,960,884</u>
Net Assets		
Beginning of year	39,023,784	29,062,900
End of year	<u>\$ 40,053,851</u>	<u>\$39,023,784</u>
Accumulated undistributed net investment income included in net assets at end of year	<u>\$ 48,558</u>	<u>\$ –</u>
Share Transactions – Institutional Class		
Shares sold	1,240,531	1,369,009
Shares issued in reinvestment of distributions	101,101	108,752
Shares redeemed	(1,409,707)	(822,983)
Total Institutional Class	<u>(68,075)</u>	<u>654,778</u>
Share Transactions – Investor Class		
Shares sold	560,884	1,793,720
Shares issued in reinvestment of distributions	27,331	40,978
Shares redeemed	(651,855)	(931,554)
Total Investor Class	<u>(63,640)</u>	<u>903,144</u>
Net increase (decrease) in shares outstanding	<u>(131,715)</u>	<u>1,557,922</u>

See accompanying notes which are an integral part of these financial statements.

MERITAGE GROWTH EQUITY FUND – INSTITUTIONAL CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>	<u>For the Period Ended August 31, 2014 ^(a)</u>
Selected Per Share Data:			
Net asset value, beginning of period	\$ 11.20	\$ 10.95	\$ 10.00
Investment operations:			
Net investment income	0.03	0.01	0.01
Net realized and unrealized gain on investments	<u>1.12</u>	<u>0.36</u>	<u>0.94</u>
Total from investment operations	<u>1.15</u>	<u>0.37</u>	<u>0.95</u>
Less distributions to shareholders:			
From net investment income	(0.01)	(0.01)	–
From net realized gains	<u>(0.23)</u>	<u>(0.11)</u>	<u>–</u>
Total distributions	<u>(0.24)</u>	<u>(0.12)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 12.11</u>	<u>\$ 11.20</u>	<u>\$ 10.95</u>
Total Return ^(b)	10.41%	3.38%	9.50% ^(c)
Ratios and Supplemental Data:			
Net assets, end of period (000 omitted)	\$17,479	\$13,331	\$10,642
Ratio of net expenses to average net assets	1.00%	1.00%	1.00% ^(d)
Ratio of expenses to average net assets before waiver	1.60%	1.66%	3.49% ^(d)
Ratio of net investment income to average net assets	0.24%	0.08%	0.22% ^(d)
Portfolio turnover rate ^(e)	73%	84%	94% ^(e)

(a) For the period December 23, 2013 (commencement of operations) to August 31, 2014.

(b) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(c) Not annualized.

(d) Annualized.

(e) Portfolio turnover is calculated on the basis on the Fund as a whole without distinguishing among the classes of shares.

See accompanying notes which are an integral part of these financial statements.

MERITAGE GROWTH EQUITY FUND – INVESTOR CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>	<u>For the Period Ended August 31, 2014 ^(a)</u>
Selected Per Share Data:			
Net asset value, beginning of period	<u>\$11.15</u>	<u>\$10.92</u>	<u>\$10.00</u>
Investment operations:			
Net investment income (loss)	– ^(b)	(0.02)	– ^(b)
Net realized and unrealized gain on investments	<u>1.11</u>	<u>0.37</u>	<u>0.92</u>
Total from investment operations	<u>1.11</u>	<u>0.35</u>	<u>0.92</u>
Less distributions to shareholders:			
From net investment income	–	(0.01)	–
From net realized gains	<u>(0.23)</u>	<u>(0.11)</u>	<u>–</u>
Total distributions	<u>(0.23)</u>	<u>(0.12)</u>	<u>–</u>
Net asset value, end of period	<u>\$12.03</u>	<u>\$11.15</u>	<u>\$10.92</u>
Total Return ^(c)	10.13%	3.17%	9.20% ^(d)
Ratios and Supplemental Data:			
Net assets, end of period (000 omitted)	\$ 367	\$ 164	\$ 136
Ratio of net expenses to average net assets	1.25%	1.25%	1.25% ^(e)
Ratio of expenses to average net assets before waiver	1.85%	1.91%	3.32% ^(e)
Ratio of net investment income (loss) to average net assets	(0.01)%	(0.17)%	0.01% ^(e)
Portfolio turnover rate ^(f)	73%	84%	94% ^(d)

(a) For the period December 23, 2013 (commencement of operations) to August 31, 2014.

(b) Amount is less than \$0.01.

(c) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(d) Not annualized.

(e) Annualized.

(f) Portfolio turnover is calculated on the basis on the Fund as a whole without distinguishing among the classes of shares.

See accompanying notes which are an integral part of these financial statements.

MERITAGE VALUE EQUITY FUND – INSTITUTIONAL CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>	<u>For the Period Ended August 31, 2014 ^(a)</u>
Selected Per Share Data:			
Net asset value, beginning of period	\$ 11.00	\$ 11.00	\$10.00
Investment operations:			
Net investment income	0.08	0.10	0.04
Net realized and unrealized gain on investments	<u>0.12</u>	<u>0.01^(b)</u>	<u>0.96</u>
Total from investment operations	<u>0.20</u>	<u>0.11</u>	<u>1.00</u>
Less distributions to shareholders:			
From net investment income	(0.09)	(0.04)	–
From net realized gains	<u>(0.04)</u>	<u>(0.07)</u>	<u>–</u>
Total distributions	<u>(0.13)</u>	<u>(0.11)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 11.07</u>	<u>\$ 11.00</u>	<u>\$11.00</u>
Total Return ^(c)	1.85%	0.94%	10.00% ^(d)
Ratios and Supplemental Data:			
Net assets, end of period (000 omitted)	\$13,854	\$11,321	\$9,673
Ratio of net expenses to average net assets	1.00%	1.00%	1.00% ^(e)
Ratio of expenses to average net assets before waiver	1.67%	1.66%	3.58% ^(e)
Ratio of net investment income to average net assets	0.89%	0.96%	0.86% ^(e)
Portfolio turnover rate ^(f)	67%	62%	50% ^(d)

(a) For the period December 23, 2013 (commencement of operations) to August 31, 2014.

(b) The amount shown for a share outstanding throughout the period does not accord with the aggregate gains and losses in the portfolio securities during the period because of the timing of sales and purchases of fund shares in relation to fluctuating market values during the period.

(c) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(d) Not annualized.

(e) Annualized.

(f) Portfolio turnover is calculated on the basis on the Fund as a whole without distinguishing among the classes of shares.

See accompanying notes which are an integral part of these financial statements.

MERITAGE VALUE EQUITY FUND – INVESTOR CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>	<u>For the Period Ended August 31, 2014 ^(a)</u>
Selected Per Share Data:			
Net asset value, beginning of period	<u>\$10.96</u>	<u>\$10.98</u>	<u>\$10.00</u>
Investment operations:			
Net investment income	0.07	0.07	0.02
Net realized and unrealized gain on investments	<u>0.09</u>	<u>0.01^(b)</u>	<u>0.96</u>
Total from investment operations	<u>0.16</u>	<u>0.08</u>	<u>0.98</u>
Less distributions to shareholders:			
From net investment income	(0.07)	(0.03)	–
From net realized gains	<u>(0.04)</u>	<u>(0.07)</u>	<u>–</u>
Total distributions	<u>(0.11)</u>	<u>(0.10)</u>	<u>–</u>
Net asset value, end of period	<u>\$11.01</u>	<u>\$10.96</u>	<u>\$10.98</u>
Total Return ^(c)	1.51%	0.68%	9.80% ^(d)
Ratios and Supplemental Data:			
Net assets, end of period (000 omitted)	\$ 10	\$ 10	\$ 9
Ratio of net expenses to average net assets	1.25%	1.25%	1.25% ^(e)
Ratio of expenses to average net assets before waiver	1.92%	1.91%	9.87% ^(e)
Ratio of net investment income to average net assets	0.64%	0.74%	0.64% ^(e)
Portfolio turnover rate ^(f)	67%	62%	50% ^(d)

(a) For the period December 23, 2013 (commencement of operations) to August 31, 2014.

(b) The amount shown for a share outstanding throughout the period does not accord with the aggregate gains and losses in the portfolio securities during the period because of the timing of sales and purchases of fund shares in relation to fluctuating market values during the period.

(c) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(d) Not annualized.

(e) Annualized.

(f) Portfolio turnover is calculated on the basis on the Fund as a whole without distinguishing among the classes of shares.

See accompanying notes which are an integral part of these financial statements.

MERITAGE YIELD-FOCUS EQUITY FUND – INSTITUTIONAL CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>	<u>For the Period Ended August 31, 2014 ^(a)</u>
Selected Per Share Data:			
Net asset value, beginning of period	\$ 9.44	\$ 11.27	\$ 10.00
Investment operations:			
Net investment income	0.32	0.33	0.10
Net realized and unrealized gain (loss) on investments	<u>0.56</u>	<u>(1.71)</u>	<u>1.17</u>
Total from investment operations	<u>0.88</u>	<u>(1.38)</u>	<u>1.27</u>
Less distributions to shareholders:			
From net investment income	(0.32)	(0.41)	–
From net realized gains	–	(0.03)	–
From return of capital	<u>–</u>	<u>(0.01)</u>	<u>–</u>
Total distributions	<u>(0.32)</u>	<u>(0.45)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 10.00</u>	<u>\$ 9.44</u>	<u>\$ 11.27</u>
Total Return ^(b)	9.58%	(12.56)%	12.70% ^(c)
Ratios and Supplemental Data:			
Net assets, end of period (000 omitted)	\$29,340	\$28,316	\$26,436
Ratio of net expenses to average net assets	1.00%	1.00%	1.00% ^(d)
Ratio of expenses to average net assets before waiver	1.49%	1.44%	2.62% ^(d)
Ratio of net investment income to average net assets	3.41%	3.17%	2.70% ^(d)
Portfolio turnover rate ^(e)	99%	86%	63% ^(c)

(a) For the period December 23, 2013 (commencement of operations) to August 31, 2014.

(b) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(c) Not annualized.

(d) Annualized.

(e) Portfolio turnover is calculated on the basis on the Fund as a whole without distinguishing among the classes of shares.

See accompanying notes which are an integral part of these financial statements.

MERITAGE YIELD-FOCUS EQUITY FUND – INVESTOR CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2016</u>	<u>For the Year Ended August 31, 2015</u>	<u>For the Period Ended August 31, 2014 ^(a)</u>
Selected Per Share Data:			
Net asset value, beginning of period	\$ 9.42	\$ 11.25	\$10.00
Investment operations:			
Net investment income	0.32	0.29	0.01
Net realized and unrealized gain (loss) on investments	<u>0.54</u>	<u>(1.70)</u>	<u>1.24</u>
Total from investment operations	<u>0.86</u>	<u>(1.41)</u>	<u>1.25</u>
Less distributions to shareholders:			
From net investment income	(0.30)	(0.38)	–
From net realized gains	–	(0.03)	–
From return of capital	<u>–</u>	<u>(0.01)</u>	<u>–</u>
Total distributions	<u>(0.30)</u>	<u>(0.42)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 9.98</u>	<u>\$ 9.42</u>	<u>\$11.25</u>
Total Return ^(b)	9.35%	(12.85)%	12.50% ^(c)
Ratios and Supplemental Data:			
Net assets, end of period (000 omitted)	\$10,714	\$10,708	\$2,627
Ratio of net expenses to average net assets	1.25%	1.25%	1.25% ^(d)
Ratio of expenses to average net assets before waiver	1.74%	1.69%	2.46% ^(d)
Ratio of net investment income to average net assets	3.17%	2.84%	2.26% ^(d)
Portfolio turnover rate ^(e)	99%	86%	63% ^(c)

(a) For the period December 23, 2013 (commencement of operations) to August 31, 2014.

(b) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(c) Not annualized.

(d) Annualized.

(e) Portfolio turnover is calculated on the basis on the Fund as a whole without distinguishing among the classes of shares.

See accompanying notes which are an integral part of these financial statements.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2016

NOTE 1. ORGANIZATION

The Meritage Growth Equity Fund (the “Growth Equity Fund”), the Meritage Value Equity Fund (the “Value Equity Fund”), and the Meritage Yield-Focus Equity Fund (the “Yield-Focus Equity Fund”) (each a “Fund” and, collectively the “Funds”) were organized as a diversified series of the Capitol Series Trust (the “Trust”). The Trust is an open-end investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated September 18, 2013 (the “Trust Agreement”). The Trust Agreement permits the Trust’s Board of Trustees (the “Board”) to issue an unlimited number of shares of beneficial interest of separate series without par value. The Funds each offer two share classes, Institutional Class Shares and Investor Class Shares. The Funds commenced operations on December 23, 2013. The Funds’ investment adviser is Meritage Portfolio Management, Inc. (the “Adviser”). The investment objective of the Growth Equity Fund is to seek growth of capital. The investment objective of the Value Equity Fund is to seek growth of capital. Income is a secondary objective for the Value Equity Fund. The investment objective of the Yield-Focus Equity Fund is to seek long-term growth of capital with an emphasis on high current income.

Each Fund’s prospectus provides a description of the investment objective, policies and strategies, along with information on the classes of shares currently being offered.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The Funds are investment companies and follow accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies”. The following is a summary of significant accounting policies consistently followed by each Fund in the preparation of its financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America (“GAAP”).

Securities Valuation – All investments in securities are recorded at their estimated fair value as described in Note 3.

Foreign Currency Translation – The accounting records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars at the current rate of exchange each business day to determine the value of investments, and other assets and liabilities. Purchases and sales of foreign securities, and income and expenses, are translated at the prevailing rate of exchange on the respective date of these transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from fluctuation arising from changes in market prices of securities held. These fluctuations are included with the net realized and unrealized gain or loss from investments.

Federal Income Taxes – The Funds make no provision for federal income or excise tax. Each Fund intends to qualify each year as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of its taxable income. Each Fund also intends to distribute sufficient net investment income and net capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Funds could incur a tax expense.

As of and during the year ended August 31, 2016, the Funds did not have a liability for any unrecognized tax benefits. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the year, the Funds did not incur any interest or penalties.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

Expenses – Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual funds based on each Fund’s relative net assets or another appropriate basis (as determined by the Board). Expenses attributable to any class are borne by that class. Income, realized gains and losses, unrealized appreciation and depreciation, and expenses are allocated to each class based on the net assets in relation to the relative net assets of the Fund.

Security Transactions and Related Income – Throughout the reporting period, security transactions are accounted for no later than one business day following the trade date. For financial reporting purposes, security transactions are accounted for on trade date on the last business day of the reporting period. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Dividend income from real estate investment trusts (REITs) and distributions from limited partnerships are recognized on the ex-date and included in dividend income. The calendar year-end classification of distributions received from REITs during the fiscal year are reported subsequent to year end; accordingly, the Fund estimates the character of REIT distributions based on the most recent information available. Income or loss from limited partnerships is reclassified among the components of net assets upon receipt of K-1’s. Discounts and premiums on securities purchased are amortized or accreted using the effective interest method.

Dividends and Distributions – Each Fund intends to distribute substantially all of its net investment income, if any, as dividends to its shareholders on at least an annual basis. Each Fund intends to distribute its net realized long term capital gains and its net realized short term capital gains, if any, at least once a year. Dividends to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the period from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gains for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effects on net assets, results of operations or net asset values per share of the Funds. For the period ended August 31, 2016, the Funds made the following reclassifications to increase (decrease) the components of net assets:

	<u>Paid-In Capital</u>	<u>Accumulated Undistributed Net Investment Income (Loss)</u>	<u>Accumulated Net Realized Gain (Loss) from Investments</u>
Growth Equity Fund	\$ 1	\$ (229)	\$ 228
Value Equity Fund	—	(2,454)	2,454
Yield-Focus Equity Fund	(75,915)	30,077	45,838

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that a Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. GAAP established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (the risk inherent in a particular valuation technique used to measure fair value

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS – continued

such as pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Various inputs are used in determining the value of each Fund's investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – unadjusted quoted prices in active markets for identical investments and/or registered investment companies where the value per share is determined and published and is the basis for current transactions for identical assets or liabilities at the valuation date
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for an identical security in an inactive market, quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining fair value of investments based on the best information available)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

In computing the net asset value ("NAV") of the Funds, fair value is based on market valuations with respect to portfolio securities for which market quotations are readily available. Pursuant to Board approved policies, the Funds rely on independent third-party pricing services to provide the current market value of securities. Those pricing services value equity securities traded on a securities exchange at the last reported sales price on the principal exchange. Equity securities quoted by NASDAQ are valued at the NASDAQ Official Closing Price. If there is no reported sale on the principal exchange, equity securities are valued at the mean between the most recent quoted bid and asked price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security.

Sometimes, an equity security owned by the Fund will be valued by the pricing service with factors other than market quotations or when the market is considered inactive. When this happens, the security may be classified as a Level 2 security. When market quotations are not readily available, when the Fund determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when certain restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review by the Board. These securities are generally categorized as Level 3 securities.

Investments in open-end mutual funds, including money market mutual funds, are generally priced at the ending NAV provided by the service agent of the funds. These securities are categorized as Level 1 securities.

In accordance with the Trust's valuation procedures, the Adviser is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS – continued

described above. No single standard exists for determining fair value, because fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Adviser would be the amount which the Funds might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods. Fair value pricing is permitted if, in the Adviser's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value, or the Adviser is aware of any other data that calls into question the reliability of market quotations.

The following is a summary of the inputs used to value the Funds' investments as of August 31, 2016:

	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Growth Equity Fund				
Common Stocks	\$ 15,937,822	\$ –	\$ –	\$ 15,937,822
Exchange-Traded Funds	1,413,604	–	–	1,413,604
Money Market Securities	1,696,937	–	–	1,696,937
Total	\$ 19,048,363	\$ –	\$ –	\$ 19,048,363
Value Equity Fund				
Common Stocks	\$ 12,403,730	\$ –	\$ –	\$ 12,403,730
Exchange-Traded Funds	1,360,819	–	–	1,360,819
Money Market Securities	98,073	–	–	98,073
Total	\$ 13,862,622	\$ –	\$ –	\$ 13,862,622
Yield-Focus Equity Fund				
Common Stocks	\$ 36,497,154	\$ –	\$ –	\$ 36,497,154
Preferred Stocks	1,970,777	–	–	1,970,777
Convertible Preferred Stocks	808,578	–	–	808,578
Money Market Securities	1,442,368	–	–	1,442,368
Total	\$ 40,718,877	\$ –	\$ –	\$ 40,718,877

The Funds did not hold any investments at any time during the reporting period in which significant unobservable inputs were used in determining fair value; therefore, no reconciliation of Level 3 securities is included for this reporting period. The Funds did not hold any derivative instruments during the reporting period.

The Trust recognizes transfers between fair value hierarchy levels at the end of the reporting period. There were no transfers between any levels for the year ended August 31, 2016.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Under the terms of the management agreement, on behalf of the Funds (the “Agreement”), the Adviser manages each Fund’s investments subject to oversight of the Board. As compensation for its management services each Fund is obligated to pay the Adviser a fee computed and accrued daily and paid monthly at an annual rate of 0.75% of the average daily net assets of each Fund. For the year ended August 31, 2016, the Adviser earned fees of \$117,526 from the Growth Equity Fund, \$99,121 from the Value Equity Fund and \$283,928 from the Yield-Focus Equity Fund before the reimbursements described below.

The Adviser has contractually agreed to waive or limit its fees and to assume other expenses of each Fund until December 31, 2016, so that total annual fund operating expenses do not exceed 1.00%. This operating expense limitation does not apply to borrowing costs (such as interest and dividend expenses on securities sold short), taxes, extraordinary expenses, brokerage fees and commissions, and expenses incurred under a plan of distribution adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940 (“Excluded Expenses”). This limitation also excludes any “acquired fund fees and expenses” as that term is described in each Fund’s prospectus.

The waiver and/or reimbursement by the Adviser with respect to the Funds are subject to repayment by the Funds within the three fiscal years following the fiscal year in which that particular waiver and/or reimbursement occurred, provided that the Funds are able to make the repayment without exceeding the expense limitations that were in effect at the time of the waiver or reimbursement.

The amounts subject to repayment by the Funds, pursuant to the aforementioned conditions are as follows:

	Amount Waived or Reimbursed	Recoverable through August 31,
Growth Equity Fund	\$109,316	2017
	83,727	2018
	93,928	2019
Value Equity Fund	\$103,749	2017
	72,434	2018
	88,618	2019
Yield-Focus Equity Fund	\$144,170	2017
	190,960	2018
	186,012	2019

The Trust retains Ultimus Asset Services, LLC (“Ultimus”) to provide the Funds with non-investment related administration and compliance, fund accounting and transfer agent services. For the year ended August 31, 2016, fees incurred for administration, fund accounting and transfer agent services, and the amounts due to Ultimus at August 31, 2016 were as follows:

	Growth Equity Fund	Value Equity Fund	Yield-Focus Equity Fund
Administration	\$26,393	\$22,523	\$63,884
Fund Accounting	17,596	15,016	42,389
Transfer agent	14,155	12,083	34,277
Payable to Ultimus	5,399	4,668	10,903

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES – continued

Certain officers and one Trustee of the Trust are employees of Ultimus. Unified Financial Securities, LLC (the “Distributor”) acts as the principal distributor of the Funds’ shares. Both Ultimus and the Distributor operate as wholly-owned subsidiaries of Ultimus Fund Solutions, LLC. Certain officers of the Trust are officers of the Distributor; such persons may be deemed to be affiliates of the Distributor.

The Funds have adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan provides that the Funds will pay the Distributor and/or any registered securities dealer, financial institution or any other person (the “Recipient”) a fee of 0.25% of the average daily net assets of each Fund’s Investor Shares in connection with the promotion and distribution of each Fund’s Investor Shares or the provision of personal services to shareholders, including, but not necessarily limited to, advertising, compensation to underwriters, dealers and selling personnel, the printing and mailing of prospectuses to other than current shareholders of Investor Shares, the printing and mailing of sales literature and servicing shareholder accounts. The Funds may pay all or a portion of these fees to any Recipient who renders assistance in distributing or promoting the sale of shares, or who provides certain shareholder services, pursuant to a written agreement. The Plan is a compensation plan, which means that compensation is provided regardless of 12b-1 expenses actually incurred. The Board believes that the Plan will significantly enhance the Funds’ ability to expand distribution of Investor Shares of each Fund. For the year ended August 31, 2016, Investor Shares 12b-1 expense incurred by the Growth Equity Fund was \$480, \$25 for the Value Equity Fund, and \$23,050 for the Yield-Focus Equity Fund. At August 31, 2016, the Distributor was owed \$148 by the Growth Equity Fund, \$4 by the Value Equity Fund, and \$4,017 by the Yield Focus Equity Fund for Investor Shares 12b-1 expenses.

NOTE 5. PURCHASES AND SALES OF SECURITIES

For the year ended August 31, 2016, purchases and sales of investment securities, excluding short-term securities were as follows:

<u>Fund</u>	<u>Purchases</u>	<u>Sales</u>
Growth Equity Fund	\$13,822,618	\$10,670,361
Value Equity Fund	11,451,923	8,336,869
Yield-Focus Equity Fund	36,717,764	37,847,948

NOTE 6. ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

NOTE 7. BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of 25% or more of the voting securities of a fund creates a presumption of control of a fund, under Section 2(a)(9) of the Investment Company Act of 1940. At August 31, 2016, National Financial Services LLC (“NFS”) and Charles Schwab & Co. Inc. (“Schwab”) owned, as record shareholder, 52.65% and 42.69%, respectively, of the outstanding shares of the Growth Equity Fund. At August 31, 2016, NFS and Schwab owned, as record shareholder, 52.26% and 45.19%, respectively, of the outstanding shares of the Value Equity Fund. At August 31, 2016, NFS owned, as record shareholder, 31.46% of

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 7. BENEFICIAL OWNERSHIP – continued

the outstanding shares of the Yield-Focus Equity Fund. It is not known whether NFS, Schwab or any of the underlying beneficial owners owned or controlled 25% or more of the voting securities of the Funds.

NOTE 8. FEDERAL TAX INFORMATION

At August 31, 2016, the net unrealized appreciation (depreciation) of investments for tax purposes was as follows:

	<u>Tax Cost of Securities</u>	<u>Unrealized Appreciation</u>	<u>Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Growth Equity Fund	\$16,620,253	\$2,723,321	\$(295,211)	\$2,428,110
Value Equity Fund	12,534,553	1,624,305	(296,236)	1,328,069
Yield-Focus Equity Fund	37,828,365	3,520,508	(629,996)	2,890,512

The tax character of distributions paid during the fiscal year ended August 31, 2016, was as follows:

	<u>Ordinary Income</u>	<u>Net Long-Term Capital Gains</u>	<u>Return of Capital</u>	<u>Total Distributions Paid</u>
Growth Equity Fund	\$ 208,724	\$109,499	\$–	\$ 318,223
Value Equity Fund	105,289	50,549	–	155,838
Yield-Focus Equity Fund	1,250,094	–	–	1,250,094

For the fiscal years 2016 and 2015, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

2016

	<u>Ordinary Income</u>	<u>Undistributed Long-Term Capital Gains</u>	<u>Accumulated Capital and Other Losses</u>	<u>Unrealized Appreciation/ (Depreciation)</u>	<u>Total Accumulated Earnings (Losses)</u>
Growth Equity Fund	\$ 35,392	\$–	\$ (70,172)	\$2,428,110	\$ 2,393,330
Value Equity Fund	115,338	–	(593,588)	1,328,069	849,819
Yield-Focus Equity Fund	48,559	–	(6,260,008)	2,890,512	(3,320,937)

2015

	<u>Ordinary Income</u>	<u>Undistributed Long-Term Capital Gains</u>	<u>Accumulated Capital and Other Losses</u>	<u>Unrealized Appreciation/ (Depreciation)</u>	<u>Total Accumulated Earnings (Losses)</u>
Growth Equity Fund	\$208,722	\$109,499	\$ –	\$ 745,214	\$ 1,063,435
Value Equity Fund	105,298	50,538	–	562,808	718,644
Yield-Focus Equity Fund	–	–	(2,414,870)	(3,278,318)	(5,693,188)

The difference between book basis and tax basis unrealized appreciation is primarily attributable to the tax deferral of wash losses.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2016

NOTE 8. FEDERAL TAX INFORMATION – continued

As of August 31, 2016, the Growth Equity Fund, Value Equity Fund, and Yield-Focus Equity Fund, respectively, have available for tax purposes an unused capital loss carryforward of \$41,212, \$71,283, and \$2,930,258 of short-term capital losses with no expiration, which is available to offset against future taxable net capital gains. The Yield-Focus Equity Fund has available an unused capital loss carryforward of \$475,964 of long-term capital losses with no expiration. To the extent that these carryforwards are used to offset future gains, it is probable that the amount offset will not be distributed to shareholders.

Certain capital losses incurred after October 31, and within the current taxable year, are deemed to arise on the first business day of the Fund's following taxable year. For the tax year ended August 31, 2016, the Growth Equity Fund, Value Equity Fund, and Yield-Focus Equity Fund, respectively, deferred post October capital losses in the amount of \$28,960, \$522,305, and \$2,853,786.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Funds indemnify their officers and trustees for certain liabilities that may arise from the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts that contain a variety of representations and warranties which provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred.

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated events or transactions that may have occurred since August 31, 2016 through the date the financial statements were issued, that would merit recognition or disclosure in the financial statements. There were no items requiring adjustment of the financial statements or additional disclosure.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders
Capitol Series Trust:

We have audited the accompanying statements of assets and liabilities of Capitol Series Trust (the “Funds”) (comprised of Meritage Growth Equity Fund, Meritage Value Equity Fund, and Meritage Yield-Focus Equity Fund), including the schedules of investments, as of August 31, 2016, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the three-year period then ended. These financial statements and financial highlights are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2016, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Funds as of August 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the three-year period then ended, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Columbus, Ohio
October 26, 2016

SUMMARY OF FUND'S EXPENSES – (Unaudited)

As a shareholder of a Fund, you incur ongoing costs, including management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period, and held for the entire period from March 1, 2016 to August 31, 2016.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = \$8.60), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second line of the table below is useful in comparing ongoing costs only and will not help you determine the relative costs of owning different funds.

	Beginning Account Value March 1, 2016	Ending Account Value August 31, 2016	Expenses Paid During Period*	Annualized Expense Ratio
Meritage Growth Equity Fund Institutional Class				
Actual	\$ 1,000.00	\$ 1,139.20	\$ 5.38	1.00%
Hypothetical**	\$ 1,000.00	\$ 1,020.11	\$ 5.08	1.00%
Investor Class				
Actual	\$ 1,000.00	\$ 1,138.10	\$ 6.72	1.25%
Hypothetical**	\$ 1,000.00	\$ 1,018.85	\$ 6.34	1.25%
Meritage Value Equity Fund Institutional Class				
Actual	\$ 1,000.00	\$ 1,070.60	\$ 5.20	1.00%
Hypothetical**	\$ 1,000.00	\$ 1,020.11	\$ 5.08	1.00%
Investor Class				
Actual	\$ 1,000.00	\$ 1,068.90	\$ 6.50	1.25%
Hypothetical**	\$ 1,000.00	\$ 1,018.85	\$ 6.34	1.25%

SUMMARY OF FUND'S EXPENSES – (Unaudited) (continued)

	Beginning Account Value March 1, 2016	Ending Account Value August 31, 2016	Expenses Paid During Period*	Annualized Expense Ratio
Meritage Yield-Focus Equity Fund				
Institutional Class				
Actual	\$ 1,000.00	\$ 1,114.20	\$ 5.31	1.00%
Hypothetical**	\$ 1,000.00	\$ 1,020.11	\$ 5.08	1.00%
Investor Class				
Actual	\$ 1,000.00	\$ 1,113.10	\$ 6.64	1.25%
Hypothetical**	\$ 1,000.00	\$ 1,018.85	\$ 6.34	1.25%

* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by 184/366.

** Assumes 5% return before expenses.

TRUSTEES AND OFFICERS – (Unaudited)

The Board of Trustees supervises the business activities of the Trust. Each Trustee serves as a trustee until termination of the Trust unless the Trustee dies, resigns, retires or is removed.

The following tables provide information regarding the Trustees and Officers.

Independent Trustees

Name, Address,* Age, Position with Trust,** Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
Walter B. Grimm Age: 70 Trustee Began Serving: November 2013	Principal Occupations(s): President, Leigh Management Group, LLC (consulting firm) (October 2005 to present); Chief Financial Officer, East West Private, LLC (consulting firm) (March 2009 to June 2015).
Mary M. Morrow Age: 57 Trustee Began Serving: November 2013	Principal Occupations(s): Vice President, Strategic Initiatives, Gateway Health (January 2015 to present). Previous Position(s): Consulting Practice Manager, DST Health Solutions (August 2010 to January 2015); Director, Service and Client Relations, EBDS (August 2008 – May 2009); Independent Consultant, Healthcare Servicing May 2009 – August 2010).

* The address for each trustee is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246.

** The Trust currently consists of 7 series.

Interested Trustees & Officers

Name, Address,* Age, Position with Trust,** Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
R. Jeffrey Young*** Age: 51 Chairman of the Board and Trustee Began Serving: September 2013	Principal Occupation(s): Vice President and Director of Relationship Management, Ultimus Fund Solutions, LLC (December 2015 to present); President, Unified Financial Securities, LLC (July 2015 to present) (Trust Distributor); Chairman of the Board, Valued Advisers Trust (June 2010 to present); Chief Executive Officer and President, Valued Advisers Trust (January 2010 to present). Previous Position(s): President, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (April 2015 to December 2015); Senior Vice President, Huntington Asset Services, Inc. (January 2010 to April 2015); Chief Executive Officer, The Huntington Funds (February 2010 to April 2015); Chief Executive Officer, Huntington Strategy Shares (November 2010 to April 2015); President and Chief Executive Officer, Dreman Contrarian Funds (March 2011 to February 2013); Independent Chair, Valued Advisers Trust (August 2008 to January 2010); Managing Director, WealthStone (investment adviser) (2007 to 2009); Senior Vice President, Operations, BISYS Fund Services (2006 to 2007); Senior Vice President/Vice President, Client Services, BISYS Fund Services (1994 to 2006).

TRUSTEES AND OFFICERS – (Unaudited) (continued)

Interested Trustees & Officers – continued

Name, Address,* Age, Position with Trust,** Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
<p>Matthew J. Miller Age: 40 Chief Executive Officer and President Began Serving: September 2013</p>	<p>Principal Occupation(s): Assistant Vice President, Relationship Management, Ultimus Fund Solutions, LLC (December 2015 to present); Vice President, Valued Advisers Trust (December 2011 to present).</p> <p>Previous Position(s): Vice President, Relationship Management, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (2008 to December 2015); Vice President, The Huntington Funds (February 2010 to April 2015); Vice President, Transfer Agency Operations, Huntington Asset Services, Inc. (2002 to 2008); Employed in various positions with Huntington Asset Services, Inc. (July 1998 to 2002).</p>
<p>Zachary P. Richmond Age: 36 Treasurer and Chief Financial Officer Began Serving: August 2014</p>	<p>Principal Occupation(s): Assistant Vice President, Associate Director of Financial Administration, Ultimus Fund Solutions, LLC (December 2015 to present); Treasurer and Chief Financial Officer, Unified Series Trust (August 2014 to present); Treasurer and Chief Financial Officer, Commonwealth International Series Trust (September 2015 to present).</p> <p>Previous Position(s): Assistant Vice President, Fund Administration, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (January 2011 to December 2015); Assistant Treasurer, Unified Series Trust (2011 to August 2014); Supervisor, Citi Fund Services Ohio, Inc. (2007 to 2011).</p>
<p>John C. Swhear Age: 55 Chief Compliance Officer and Anti-Money Laundering Officer Began Serving: September 2013</p>	<p>Principal Occupation(s): Assistant Vice President, Associate Director of Compliance, Ultimus Fund Solutions, LLC (December 2015 to present); Chief Compliance Officer of Unified Financial Securities, LLC (the Distributor) (July 2007 to present); Vice President of the Unified Series Trust (January 2016 to present); and Chief Compliance Officer, Anti-Money Laundering Officer and Vice President of Valued Advisers Trust (May 2007 to present).</p> <p>Previous Position(s): Director, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (May 2014 to December 2015); Vice President of Legal Administration and Compliance, Huntington Asset Services, Inc. (April 2007 to December 2015); President, Unified Series Trust (August 2013 to January 2016); Interim President, Unified Series Trust (March 2012 to August 2013); Senior Vice President, Unified Series Trust (May 2007 to March 2012); Secretary, The Huntington Funds (April 2010 to February 2012).</p>

TRUSTEES AND OFFICERS – (Unaudited) (continued)

Interested Trustees & Officers – continued

Name, Address,* Age, Position with Trust,** Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
Stacey Havens Age: 50 Vice President Began Serving: September 2013	Principal Occupation(s): Assistant Vice President, Relationship Management, Ultimus Fund Solutions, LLC (December 2015 to present). Previous Position(s): Vice President, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (July 1993 to December 2015).
Tiffany R. Franklin Age: 40 Secretary Began Serving: December 2015	Principal Occupation(s): Senior Paralegal, Ultimus Fund Solutions, LLC (December 2015 to present). Previous Position(s): Paralegal, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (April 2012 to December 2015); Assistant Secretary, Capitol Series Trust (September 2013 to December 2015); Assistant Secretary, The Huntington Funds, (November 2012 to December 2015); Assistant Secretary, Huntington Strategy Shares (November 2012 to December 2015); Secretary, Huntington Strategy Shares (December 2015 to March 2016); Secretary, The Huntington Funds (December 2015 to April 2016); Florida Registered Paralegal, Anton Legal Group (February 2007 to June 2011); previously employed as a Paralegal in various capacities for private practice law firms in Indiana.

* The address for each trustee and officer is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246.

** The Trust currently consists of 7 series.

*** Mr. Young is deemed an interested trustee because he is an officer of Unified Financial Securities, LLC, the Trust’s distributor.

OTHER INFORMATION – (Unaudited)

The Funds’ Statement of Additional Information (“SAI”) includes additional information about the trustees and is available without charge, upon request. You may call toll-free at (855) 261-0104 to request a copy of the SAI or to make shareholder inquiries.

OTHER FEDERAL TAX INFORMATION – (Unaudited)

The Form 1099-DIV you receive in January 2017 will show the tax status of all distributions paid to your account in calendar year 2016. Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Fund. As required by the Internal Revenue Code and/or regulations, shareholders must be notified regarding the status of qualified dividend income for individuals and the dividends received deduction for corporations.

For the year ended August 31, 2016, the following Funds paid qualified dividend income:

<u>Fund</u>	<u>Qualified Dividend Income</u>
Growth Equity Fund	57.13%
Value Equity Fund	100.00%
Yield-Focus Equity Fund	91.22%

For the taxable year ended August 31, 2016, the following percentage of ordinary income dividends paid by the Funds qualify for the dividends received deduction available to corporations:

<u>Fund</u>	<u>Dividends Received Deduction</u>
Growth Equity Fund	57.35%
Value Equity Fund	100.00%
Yield-Focus Equity Fund	69.11%

The Funds designate the following amounts as long-term capital gains distributions. The amounts designated may not agree with long term capital gains in the tax character of distribution table due to utilization of earnings and profits distributed to shareholders on redemption of shares.

<u>Fund</u>	<u>Long Term Capital Gains Paid Amount</u>
Growth Equity Fund	\$ 109,499
Value Equity Fund	50,549
Yield-Focus Equity Fund	–

CAPITOL SERIES TRUST

Privacy Policy (Unaudited)

Capitol Series Trust (the “Trust”) on behalf of each of its series (each a “Fund,” collectively the “Funds”) adopts the following privacy policy in order to safeguard the personal information of its consumers and customers that are individuals in accordance with Securities and Exchange Commission Regulation S-P, 17 CFR 284.30.

We collect only relevant information about a Fund’s shareholders that the law allows or requires us to have in order to conduct our business and properly service you. We collect financial and personal information about you (“Personal Information”) directly (e.g., information on account applications and other forms, such as your name, address, and social security number, and information provided to access account information or conduct account transactions online, such as password, account number, e-mail address, and alternate telephone number), and indirectly (e.g., information about your transactions with us, such as transaction amounts, account balance and account holdings).

The Trust does not disclose any non-public personal information about its shareholders or former shareholders other than for everyday business purposes such as to process a transaction, service an account, to respond to court orders and legal investigations or as otherwise permitted by law. Third parties that may receive this information include companies that provide transfer agency, technology and administrative services to a Fund, as well as the Fund’s investment adviser who is an affiliate of the Fund. If you maintain a retirement/educational custodial account directly with a Fund, we may also disclose your Personal Information to the custodian for that account for shareholder servicing purposes. We limit access to your Personal Information provided to unaffiliated third parties to information necessary to carry out their assigned responsibilities to a Fund. All shareholder records will be disposed of in accordance with applicable law.

The Trust maintains physical, electronic and procedural safeguards to protect Personal Information and requires its third parties service providers with access to such information to treat the Personal Information with the same high degree of confidentiality.

In the event that a shareholder holds shares of a Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, credit union or trust company, the privacy policy of the shareholders’ financial intermediary would govern how their non-public personal information would be shared with unaffiliated third parties.

PROXY VOTING – (Unaudited)

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities and information regarding how each Fund voted those proxies during the most recent twelve month period ended June 30, is available without charge upon request by (1) calling the Funds at (855) 261-0104 and (2) from Funds documents filed with the Securities and Exchange Commission (“SEC”) on the SEC’s website at www.sec.gov.

TRUSTEES

R. Jeffrey Young, Chairman
Walter B. Grimm
Mary M. Morrow

OFFICERS

Matthew J. Miller, Chief Executive Officer and
President
John C. Swhear, Chief Compliance Officer, AML
Officer and Vice President
Stacey Havens, Vice President
Zachary P. Richmond, Treasurer and Chief Financial
Officer
Tiffany R. Franklin, Secretary

INVESTMENT ADVISER

Meritage Portfolio Management, Inc.
7500 College Boulevard, Suite 1212
Overland Park, KS 66210

DISTRIBUTOR

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9465 Counselors Row, Suite 200
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**ADMINISTRATOR, TRANSFER AGENT AND
FUND ACCOUNTANT**

Ultimus Asset Services, LLC
225 Pictoria Drive, Suite 450
Cincinnati, OH 45246

This report is intended only for the information of shareholders or those who have received the Funds’ prospectus which contains information about the Funds’ management fee and expenses. Please read the prospectus carefully before investing.

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