



Where discipline meets common sense.

Annual Report

August 31, 2017

Meritage Growth Equity Fund MPGEX/MPGIX

Meritage Value Equity Fund 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 6,500 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 six months ended August 31, 2017, since our semi-annual report of February 28, 2017, the broad equity market as represented by the S&P 500 was up 5.7%. For the fiscal year ended August 31, 2017, the S&P was up 16.2%.

As mentioned in our semi-annual report, reaction to the prospect of significantly positive growth tax change, reduced regulatory pressure, along with higher spending for defense, safety and infrastructure are all factors helping the equity market environment. Despite major geopolitical risks, continued low interest rates plus gradually improving world GNP trends should produce a relatively stable market environment, in which our selection process can work effectively.

Notably, our Value strategy performed well in the past year as compared to its benchmark and our Growth strategy continued to perform well, in line with its respective market benchmark for the year and well ahead of the S&P 500. Our Yield-Focus strategy turned in a positive year, but trailed its most comparable benchmark, the Zacks Multi-Asset Income Index.

As always, the primary mechanism generating our strong long term returns was responsible for our results in fiscal 2017. 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, 2017, the Meritage Growth Equity Fund Institutional Class and Investor Class returned 20.3% and 20.0%, respectively. These returns were better than those provided by the broad equity market (as represented by the S&P 500) and closely tracked the Fund's primary benchmark, the Russell 1000 Growth Index which returned 20.8% and the Lipper Large Cap Growth Index which returned 21.6% during the same time frame.

For the six months ended August 31, 2017, which is the period since our Semi-Annual Report, the Meritage Growth Equity Fund Institutional Class and Investor Class returned 8.5% and 8.4%, respectively. These returns lagged the Russell 1000 Growth Index benchmark which returned 10.7% during the same time frame, as well as the Lipper Large Cap Growth Index return of 12.9%.

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 an over-weight for most of the period as compared to the benchmark in the Information Technology sector. Our stock selection in that sector was also superior. The interaction of these two factors was a significant positive. Sector underweights for Consumer Staples, Telecommunications, Real Estate, Energy and Materials were also positive factors for the Fund.

Regarding specific issues, the strongest gainers for the year were Nvidia Corp., up 181.6%, Coherent Inc., up 84.6% and II-VI Inc., up 68.0%.

The poorest performers for the year were Gibraltar Industries, down 27.3%, Acuity Brands Inc., down 23.7% and McKesson Corp., down 23.2%.

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 to yield better results over full market cycles.

Meritage Value Equity Fund

For the fiscal year ended August 31, 2017, the Meritage Value Equity Fund Institutional Class returned 13.4%. This return exceeded the Russell 1000 Value Index benchmark which returned 11.6% during the same time frame, and closely tracked the Lipper Large Cap Value Index return of 13.7%.

For the six months ended August 31, 2017, which is the period since our Semi-Annual Report, the Meritage Value Equity Fund Institutional Class returned 3.7%. This return significantly exceeded the Russell 1000 Value Index benchmark which returned 0.5% during the same time frame, as well as the Lipper Large Cap Value Index return of 1.9%.

From an attribution standpoint, the Fund's overweight in the Health Care and Information Technology sectors, coupled with superior stock selection in both sectors were significant positive factors. An underweight in the Energy sector along with superior stock selection was also helpful to Fund performance. An underweight in the Consumer Discretionary and Consumer Staples sectors along with under-performing security selections in those sectors held back the Fund returns.

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

Regarding individual issues, the strongest gainers for the year were Teradyne Inc., up 70.7%, Spirit AeroSystems Holdings, up 63.4%, and UnitedHealth Group Inc., up 48.6%.

The poorest performers for the year were Teva Pharmaceutical Industries, down 23.1%, World Fuel Services Corp., down 20.7% and Taro Pharmaceutical Industries, down 19.8%.

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 will yield better results over full market cycles.

Meritage Yield-Focus Equity Fund

For the fiscal year ended August 31, 2017, the Meritage Yield-Focus Equity Fund Institutional Class and Investor Class returned 7.8% and 7.9%, respectively. These returns broadly trailed the 11.7% total return for the Russell 3000 Value Index, a general value market benchmark, and the Zacks Multi-Asset Income Index, a style-specific peer index, which returned 12.5% during the same time.

For the six months ended August 31, 2017, which is the period since our Semi-Annual Report, the Meritage Yield-Focus Equity Fund Institutional Class and Investor Class returned 1.4% and 1.3% respectively. These returns exceeded the Russell 3000 Value Index, which returned 0.3% during the time period, but trailed the Zacks Multi-Asset Index, which returned 3.7% during the same time frame.

A founding premise of the Yield-Focus Equity Fund is to earn 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, other limited partnerships, real estate investment trusts, 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, 2017, regarding equity asset class performance, convertible preferred stocks and MLPs were the strongest relative performers. REITs and straight preferred stocks had the lowest absolute returns. The best performing sectors were Energy, Consumer Staples, Industrials and Materials where strong stock selection helped relative performance. Performance was hurt by less favorable stock selection in the Utilities, Telecommunications, Consumer Discretionary and Financials sectors.

In terms of specific issues, the strongest performers for the year were Boeing Company, up 90.8%, HP Inc., up 37.1% and Reynolds American Inc., up 36.4%.

The poorest performers for the year were GameStop Corp, down 42.3%, Gannett Co., down 28.1% and CenturyLink, Inc., down 22.2%.

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 as of August 31, 2017 ^(a)			
<u>Fund/Index</u>	<u>1 Year</u>	<u>3 Year</u>	<u>Since Inception (12/23/13)</u>
Meritage Growth Equity Fund – Institutional Class	20.27%	11.14%	11.66%
Meritage Growth Equity Fund – Investor Class	20.02%	10.89%	11.38%
Russell 1000 Growth Index ^(b)	20.81%	11.67%	12.62%
Expense Ratios ^(c)			
	<u>Institutional Class</u>	<u>Investor Class</u>	
Gross	1.63%	1.88%	
With Applicable Waivers	1.03%	1.28%	

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.

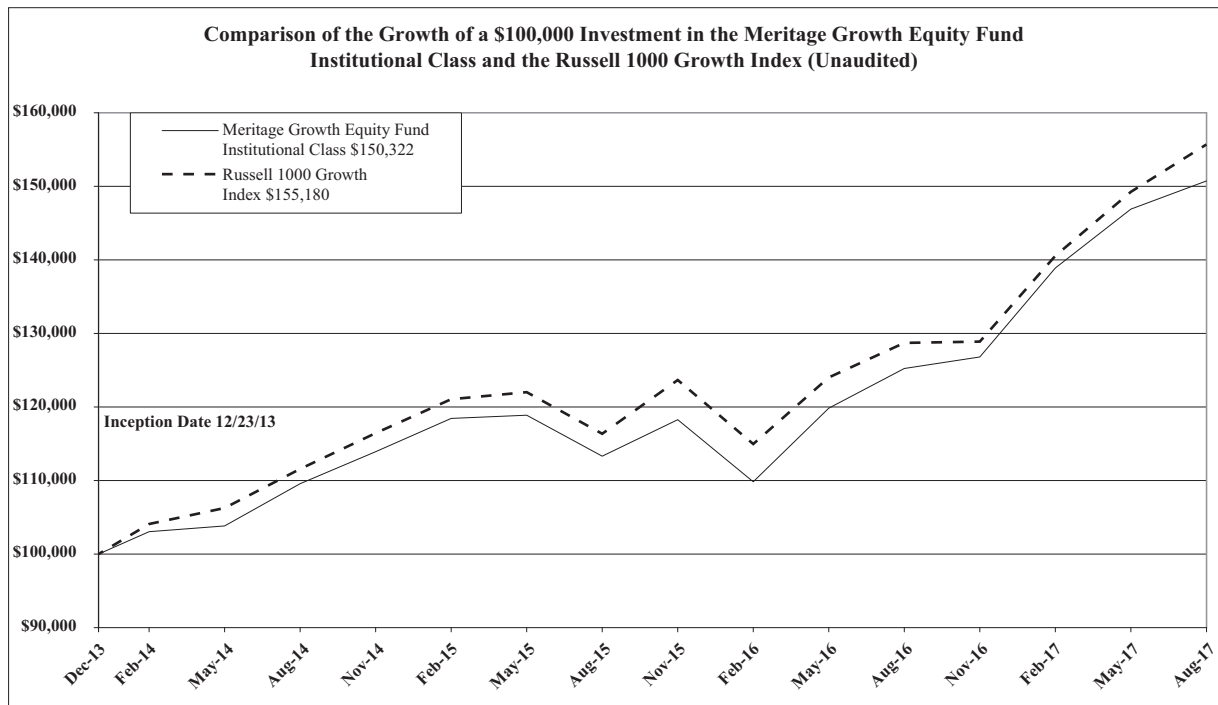
^(b) The Russell 1000 Growth Index is a widely recognized unmanaged index of equity securities and is representative of a broader domestic equity market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in an index; however, an individual can invest in 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, 2016. The Adviser has contractually agreed to waive or limit its fees and assume other expenses of the Fund through December 31, 2017, 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, 2017 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.

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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, 2017. **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 as of August 31, 2017 ^(a)			
<u>Fund/Index</u>	<u>1 Year</u>	<u>3 Year</u>	<u>Since Inception (12/23/13)</u>
Meritage Value Equity Fund – Institutional Class	13.41%	5.25%	6.96%
Russell 1000 Value Index ^(b)	11.58%	6.74%	8.77%
<u>Expense Ratios ^(c)</u>			
<u>Institutional Class</u>			
Gross	1.71%		
With Applicable Waivers	1.04%		

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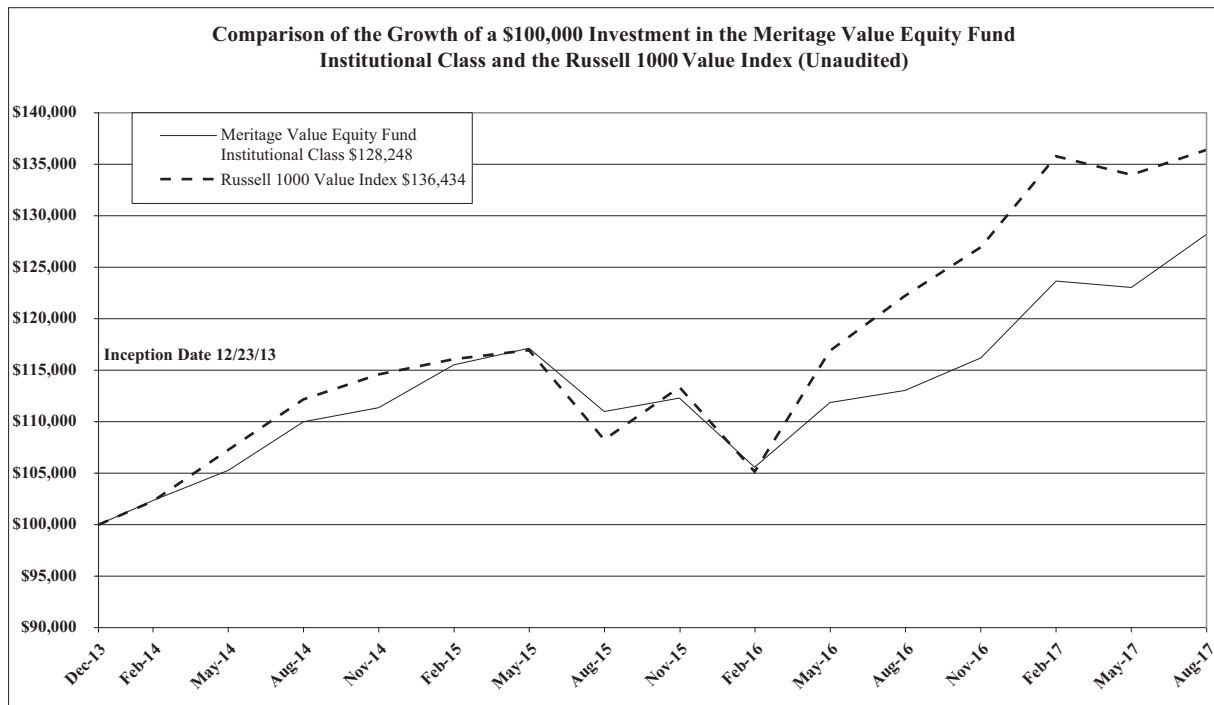
^(b) The Russell 1000 Value Index is a widely recognized unmanaged index of equity securities and is representative of a broader domestic equity market and range of securities than is found in the Fund’s portfolio. Individuals cannot invest directly in an index; however, an individual can invest in exchange 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 as of August 31, 2017 ^(a)			
<u>Fund/Index</u>	<u>1 Year</u>	<u>3 Year</u>	<u>Since Inception (12/23/13)</u>
Meritage Yield-Focus Equity Fund – Institutional Class	7.79%	1.08%	4.19%
Meritage Yield-Focus Equity Fund – Investor Class	7.93%	0.95%	4.03%
Russell 3000 Value Index ^(b)	11.73%	6.76%	8.60%
Zacks Multi-Asset Income Index TR ^(c)	12.51%	-1.27%	1.63%
Expense Ratios ^(d)			
	<u>Institutional Class</u>	<u>Investor Class</u>	
Gross	1.64%	1.89%	
With Applicable Waivers	1.15%	1.40%	

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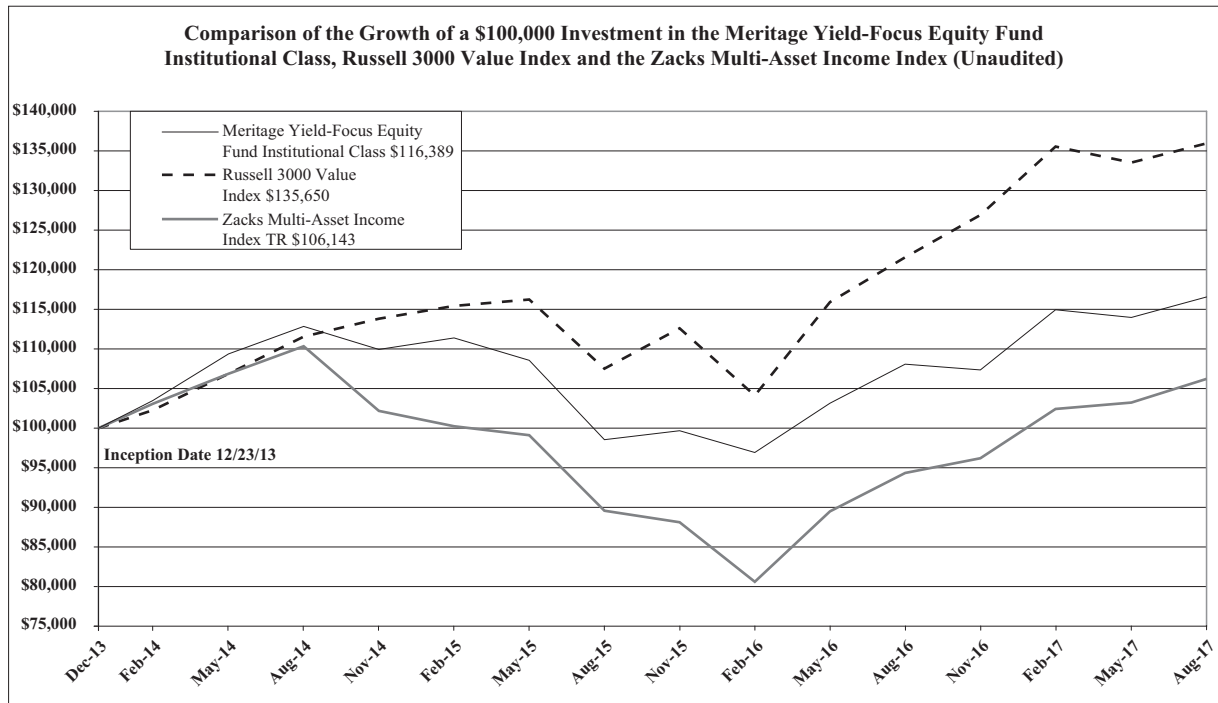
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- ^(c) The Zacks Multi-Asset Income Index is comprised of approximately 125 to 150 securities selected, based on investment and other criteria, from a universe of domestic and international companies. The universe of securities within the index includes 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, 2016. The Adviser has contractually agreed to waive or limit its fees and assume other expenses of the Fund through December 31, 2017, 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, 2017 can be found in the financial highlights.

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INVESTMENT RESULTS – (Unaudited) (continued)



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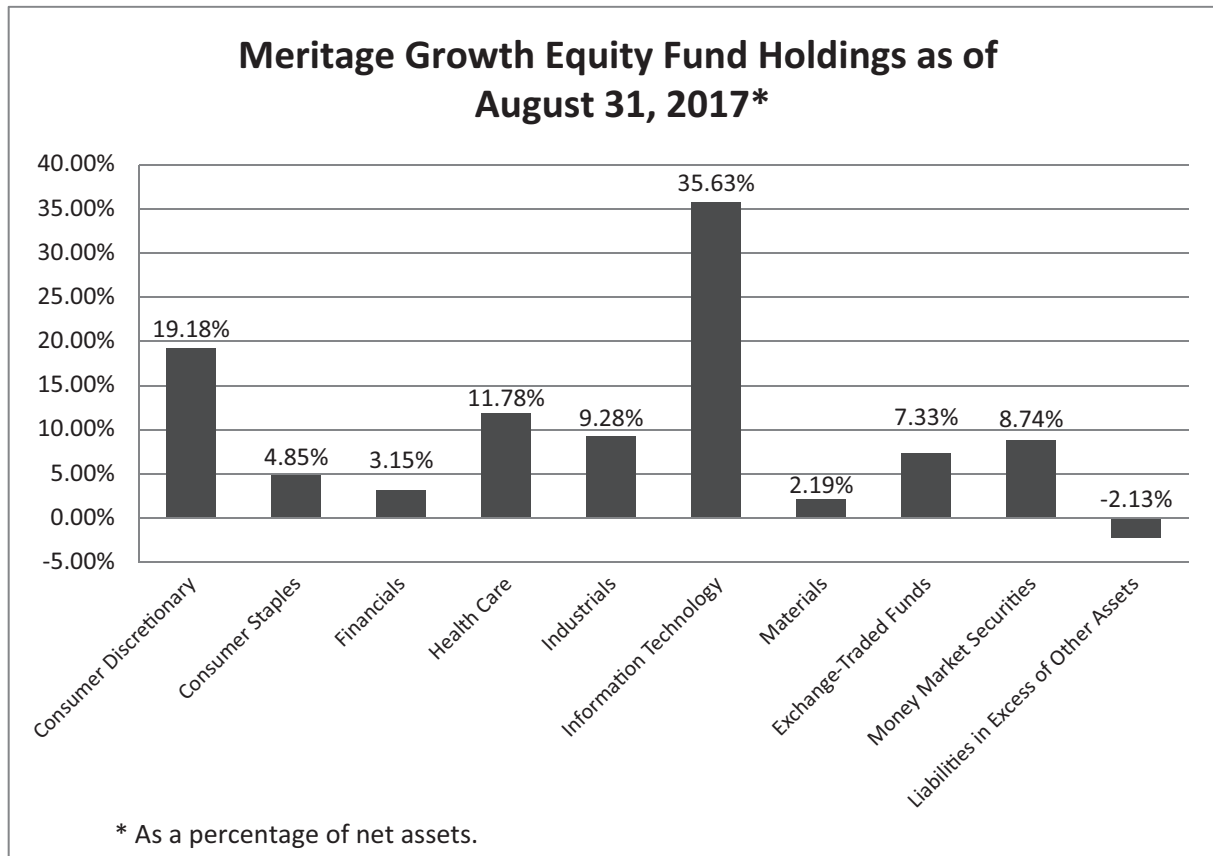
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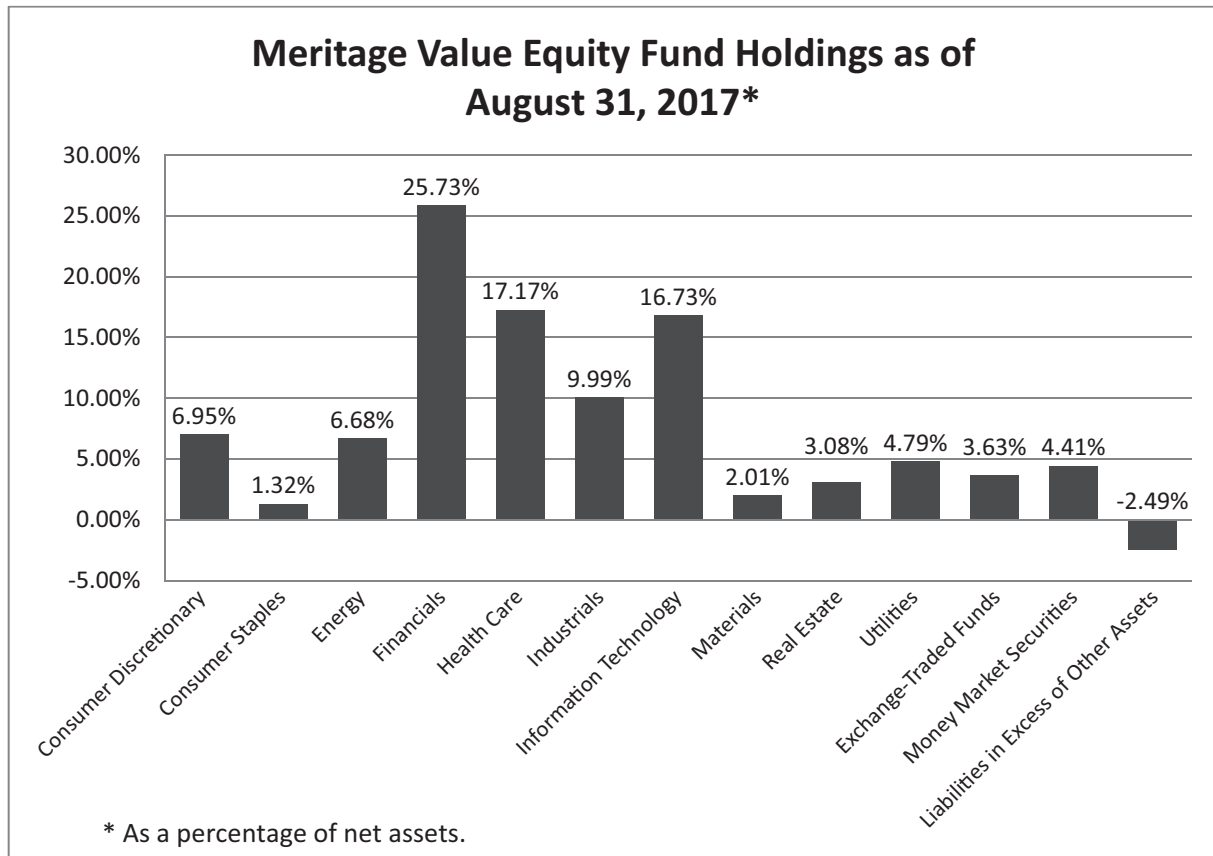
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FUND HOLDINGS – (Unaudited)



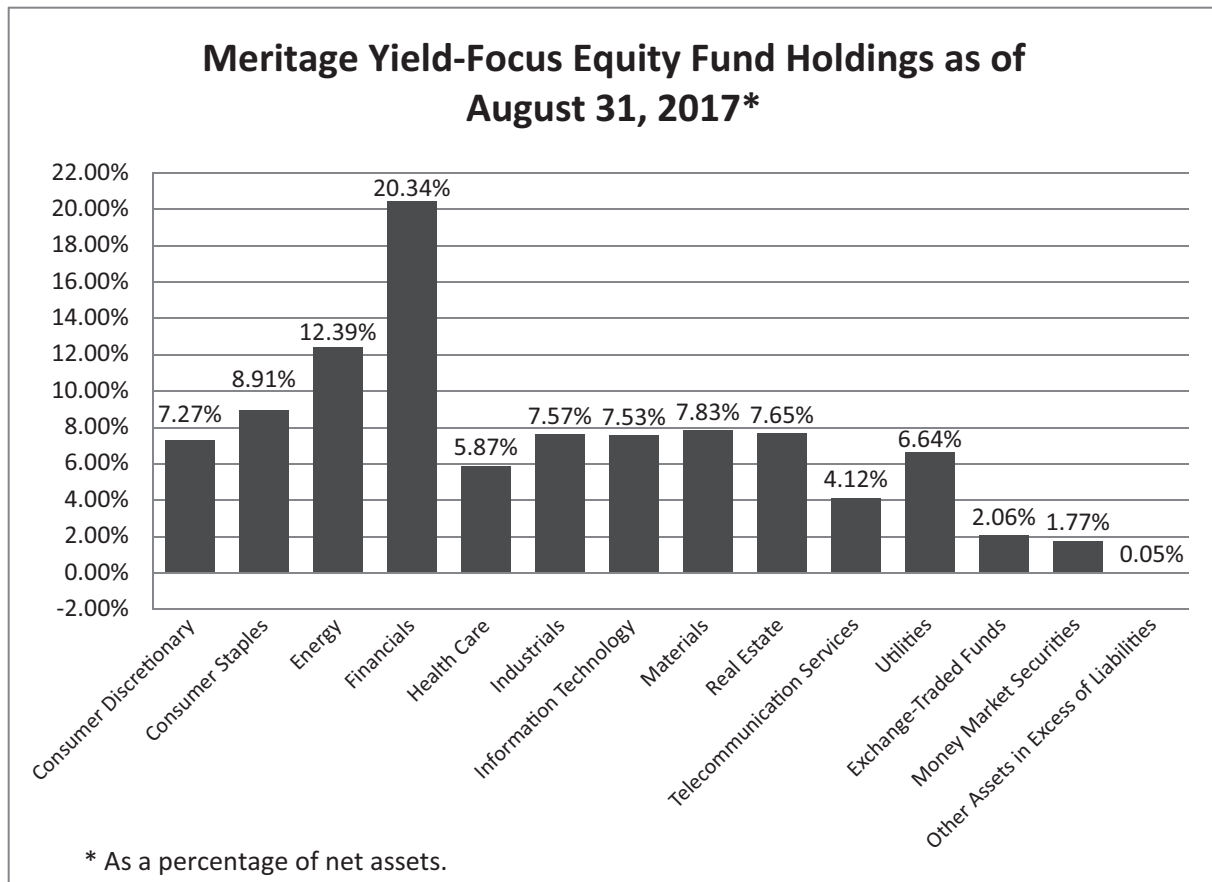
The investment objective of the Meritage Growth Equity Fund is to seek growth of capital.

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, 2017

COMMON STOCKS – 86.06%	Shares	Fair Value
Consumer Discretionary – 19.18%		
Amazon.com, Inc. *	850	\$ 833,510
Brunswick Corp.	9,650	506,432
Delphi Automotive PLC	4,290	413,556
Home Depot, Inc./The	5,920	887,230
Priceline Group, Inc./The *	405	750,092
Steven Madden Ltd. *	7,030	298,072
Thor Industries, Inc.	8,095	879,441
		<u>4,568,333</u>
Consumer Staples – 4.85%		
Colgate-Palmolive Co.	5,060	362,498
Monster Beverage Corp. *	5,280	294,730
Reckitt Benckiser Group PLC	25,800	498,585
		<u>1,155,813</u>
Financials – 3.15%		
Aon PLC	2,510	349,292
Everest Re Group Ltd.	1,586	400,433
		<u>749,725</u>
Health Care – 11.78%		
Amgen, Inc.	2,421	430,381
Globus Medical, Inc., Class A *	8,795	265,873
Intuitive Surgical, Inc. *	361	362,686
Johnson & Johnson	5,510	729,359
Masimo Corp. *	2,915	245,968
Mettler-Toledo International, Inc. *	706	427,194
Teleflex, Inc.	1,617	342,400
		<u>2,803,861</u>
Industrials – 9.28%		
AMETEK, Inc.	5,245	331,746
Deluxe Corp.	6,185	428,930
Ingersoll-Rand PLC	3,370	287,764
Koninklijke Philips NV	8,095	307,529
Nordson Corp.	2,665	291,285
Snap-on, Inc.	1,400	206,598
Trex Co., Inc. *	4,690	356,440
		<u>2,210,292</u>
Information Technology – 35.63%		
Alphabet, Inc., Class A *	1,105	1,055,540
Apple, Inc.	8,734	1,432,376
Applied Materials, Inc.	8,330	375,850

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

MERITAGE GROWTH EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2017

COMMON STOCKS – 86.06% – continued	<u>Shares</u>	<u>Fair Value</u>
Information Technology – 35.63% – continued		
Autohome, Inc. ADR *	5,995	\$ 385,299
Coherent, Inc. *	1,382	322,448
Electronic Arts, Inc. *	3,635	441,652
Facebook, Inc., Class A *	1,610	276,872
Fiserv, Inc. *	4,395	543,705
Flex Ltd. *	18,065	293,918
MasterCard, Inc., Class A	7,075	943,097
Microsoft Corp.	13,720	1,025,844
Momo, Inc. *	12,840	494,725
Tencent Holdings Ltd. ADR	21,100	893,163
		<u>8,484,489</u>
Materials – 2.19%		
Eagle Materials, Inc.	5,355	520,774
TOTAL COMMON STOCKS (Cost \$16,385,933)		<u>20,493,287</u>
EXCHANGE-TRADED FUNDS – 7.33%		
Consumer Staples Select Sector SPDR Fund	14,660	802,049
iShares Nasdaq Biotechnology ETF	1,826	608,697
SPDR S&P Bank ETF	8,015	334,386
TOTAL EXCHANGE-TRADED FUNDS (Cost \$1,614,328)		<u>1,745,132</u>
MONEY MARKET SECURITIES – 8.74%		
Morgan Stanley Institutional Liquidity Funds Treasury Securities Portfolio, Institutional Class, 0.85% ^(a)	2,082,567	2,082,567
TOTAL MONEY MARKET SECURITIES (Cost \$2,082,567)		<u>2,082,567</u>
TOTAL INVESTMENTS – 102.13% (Cost \$20,082,828)		<u>24,320,986</u>
Liabilities in Excess of Other Assets – (2.13)%		<u>(507,017)</u>
NET ASSETS – 100.00%		<u>\$23,813,969</u>

^(a) Rate disclosed is the seven day effective yield as of August 31, 2017.

* Non-income producing security.

ADR – American Depositary Receipt

ETF – Exchange-Traded Fund

SPDR – Standard & Poor’s Depository Receipts

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’s 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 VALUE EQUITY FUND
SCHEDULE OF INVESTMENTS
August 31, 2017

COMMON STOCKS – 94.45%	<u>Shares</u>	<u>Fair Value</u>
Consumer Discretionary – 6.95%		
Adtalem Global Education, Inc. *	8,305	\$ 284,031
Big Lots, Inc.	5,900	280,840
Helen of Troy Ltd. *	3,330	300,699
Ross Stores, Inc.	4,230	247,244
		<u>1,112,814</u>
Consumer Staples – 1.32%		
Ingredion, Inc.	1,710	211,732
Energy – 6.68%		
Chevron Corp.	3,150	339,003
China Petroleum & Chemical Corp. ADR	4,730	362,507
Royal Dutch Shell PLC ADR	6,665	367,775
		<u>1,069,285</u>
Financials – 25.73%		
Aspen Insurance Holdings Ltd.	5,920	267,584
Berkshire Hathaway, Inc., Class B *	2,369	429,168
Citigroup, Inc.	5,180	352,395
Fidelity & Guaranty Life	6,170	192,813
Horace Mann Educators Corp.	7,290	256,243
Northern Trust Corp.	3,580	316,830
Prudential Financial, Inc.	3,575	364,936
Reinsurance Group of America, Inc.	3,360	451,752
State Street Corp.	4,905	453,663
Torchmark Corp.	4,772	367,301
Unum Group	6,105	294,139
Voya Financial, Inc.	9,810	375,036
		<u>4,121,860</u>
Health Care – 17.17%		
Aetna, Inc.	2,570	405,289
Biogen, Inc. *	1,560	493,834
Celgene Corp. *	2,935	407,760
Cigna Corp.	1,920	349,555
ICON PLC *	3,465	392,896
PRA Health Sciences, Inc. *	3,810	294,894
UnitedHealth Group, Inc.	2,040	405,756
		<u>2,749,984</u>
Industrials – 9.99%		
Herman Miller, Inc.	4,940	166,231
Raytheon Co.	2,030	369,480
Regal-Beloit Corp.	4,020	303,108

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

MERITAGE VALUE EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2017

COMMON STOCKS – 94.45% – continued	<u>Shares</u>	<u>Fair Value</u>
Industrials – 9.99% – continued		
Southwest Airlines Co.	6,270	\$ 326,918
Spirit AeroSystems Holdings, Inc.	5,835	434,707
		<u>1,600,444</u>
Information Technology – 16.73%		
Benchmark Electronics, Inc. *	9,435	306,637
Check Point Software Technologies Ltd. *	1,715	191,857
MAXIMUS, Inc.	5,060	307,547
Sanmina Corp. *	8,030	300,723
Skyworks Solutions, Inc.	3,170	333,991
Synopsys, Inc. *	3,535	284,285
Teradyne, Inc.	6,880	244,997
Vishay Intertechnology, Inc.	18,740	331,698
WNS Holdings Ltd. ADR *	10,815	378,525
		<u>2,680,260</u>
Materials – 2.01%		
Cemex SAB de CV ADR *	17,277	160,849
Louisiana-Pacific Corp. *	6,320	161,034
		<u>321,883</u>
Real Estate – 3.08%		
Host Hotels & Resorts, Inc.	8,890	161,087
Welltower, Inc.	4,535	332,053
		<u>493,140</u>
Utilities – 4.79%		
Ameren Corp.	6,520	391,135
Entergy Corp.	4,745	375,662
		<u>766,797</u>
TOTAL COMMON STOCKS (Cost \$12,191,384)		<u>15,128,199</u>
EXCHANGE-TRADED FUNDS – 3.63%		
Energy Select Sector SPDR Fund	4,845	305,090
Vanguard REIT ETF	3,285	276,071
TOTAL EXCHANGE-TRADED FUNDS (Cost \$612,627)		<u>581,161</u>
MONEY MARKET SECURITIES – 4.41%		
Morgan Stanley Institutional Liquidity Funds Treasury Securities Portfolio, Institutional Class, 0.85% ^(a)	707,199	707,199
TOTAL MONEY MARKET SECURITIES (Cost \$707,199)		<u>707,199</u>
TOTAL INVESTMENTS – 102.49% (Cost \$13,511,210)		<u>16,416,559</u>
Liabilities in Excess of Other Assets – (2.49)%		<u>(399,621)</u>
NET ASSETS – 100.00%		<u>\$16,016,938</u>

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

MERITAGE VALUE EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2017

^(a) Rate disclosed is the seven day effective yield as of August 31, 2017.

* Non-income producing security.

ADR – American Depositary Receipt

ETF – Exchange-Traded Fund

REIT – Real Estate Investment Trust

SPDR – Standard & Poor’s Depository Receipts

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’s 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, 2017

COMMON STOCKS – 90.51%	Shares	Fair Value
Consumer Discretionary – 7.27%		
GameStop Corp., Class A	18,310	\$ 338,735
Garmin Ltd.	11,765	605,897
Staples, Inc.	44,130	450,788
Target Corp.	10,085	549,935
		<u>1,945,355</u>
Consumer Staples – 8.91%		
Altria Group, Inc.	9,765	619,101
British American Tobacco PLC	4,795	297,865
Imperial Brands PLC ADR	8,875	371,419
Philip Morris International, Inc.	5,795	677,609
Unilever PLC ADR	7,155	416,493
		<u>2,382,487</u>
Energy – 12.39%		
Alliance Holdings GP LP ^(a)	10,870	299,468
Enterprise Products Partners LP ^(a)	18,705	487,639
Phillips 66 Partners LP ^(a)	8,805	420,703
Plains GP Holdings LP, Class A ^(a)	21,845	491,076
Repsol SA ADR	29,140	501,208
Shell Midstream Partners LP ^(a)	10,092	279,246
Total SA ADR	9,690	504,268
Valero Energy Corp.	4,840	329,604
		<u>3,313,212</u>
Financials – 20.34%		
AllianceBernstein Holding LP ^(a)	20,560	482,132
Ares Capital Corp. ^(b)	26,140	419,808
AXA SA ADR	14,700	425,124
Banco Latinoamericano de Comercio Exterior SA, Class E	13,880	374,205
Bank of Montreal	5,615	403,101
Federated Investors, Inc., Class B	19,275	526,400
Invesco Ltd.	18,060	592,007
Lazard Ltd., Class A ^(a)	9,405	403,380
National Australia Bank Ltd. ADR	21,120	254,602
Old Republic International Corp.	25,210	481,259
Power Financial Corp.	15,120	407,786
Solar Capital Ltd. ^(b)	19,060	407,312
Valley National Bancorp	23,650	264,644
		<u>5,441,760</u>
Health Care – 3.76%		
Merck & Co., Inc.	8,330	531,954
Pfizer, Inc.	13,945	473,014
		<u>1,004,968</u>

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

MERITAGE YIELD-FOCUS EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2017

COMMON STOCKS – 90.51% – continued	<u>Shares</u>	<u>Fair Value</u>
Industrials – 6.16%		
Boeing Co./The	2,930	\$ 702,204
Eaton Corp. PLC	6,260	449,218
Lockheed Martin Corp.	1,625	496,259
		<u>1,647,681</u>
Information Technology – 5.44%		
HP, Inc.	24,890	474,901
International Business Machines Corp.	3,073	439,531
QUALCOMM, Inc.	5,540	289,576
Western Union Co./The	13,210	249,933
		<u>1,453,941</u>
Materials – 7.83%		
Domtar Corp.	13,480	545,131
Innophos Holdings, Inc.	6,025	275,102
Lyondellbasell Industries NV, Class A	4,165	377,307
Norbord, Inc.	8,140	280,260
Rio Tinto PLC ADR	12,590	617,917
		<u>2,095,717</u>
Real Estate – 7.65%		
Brandywine Realty Trust	23,960	411,633
CBL & Associates Properties, Inc.	24,260	194,080
Medical Properties Trust, Inc.	49,420	650,367
Uniti Group, Inc.	13,750	264,825
VEREIT, Inc.	62,090	524,040
		<u>2,044,945</u>
Telecommunication Services – 4.12%		
AT&T, Inc.	12,265	459,447
CenturyLink, Inc.	10,310	203,313
Verizon Communications, Inc.	9,157	439,261
		<u>1,102,021</u>
Utilities – 6.64%		
Entergy Corp.	7,115	563,295
Exelon Corp.	15,425	584,145
Public Service Enterprise Group, Inc.	13,445	629,764
		<u>1,777,204</u>
TOTAL COMMON STOCKS (Cost \$21,279,716)		<u>24,209,291</u>

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

MERITAGE YIELD-FOCUS EQUITY FUND
SCHEDULE OF INVESTMENTS – (continued)
August 31, 2017

CONVERTIBLE PREFERRED STOCKS – 5.61%	<u>Shares</u>	<u>Fair Value</u>
Health Care – 2.11%		
Anthem, Inc., 5.25%	10,730	\$ 563,110
Industrials – 1.41%		
Stericycle, Inc., 5.25%	6,365	378,336
Information Technology – 2.09%		
Belden, Inc., 6.75%	5,295	560,158
TOTAL CONVERTIBLE PREFERRED STOCKS (Cost \$1,387,821)		<u>1,501,604</u>
EXCHANGE-TRADED FUNDS – 2.06%		
SPDR S&P International Dividend ETF	13,515	550,736
TOTAL EXCHANGE-TRADED FUNDS (Cost \$525,056)		<u>550,736</u>
MONEY MARKET SECURITIES – 1.77%		
Morgan Stanley Institutional Liquidity Funds Treasury Securities Portfolio, Institutional Class, 0.85% ^(c)	472,651	472,651
TOTAL MONEY MARKET SECURITIES (Cost \$472,651)		<u>472,651</u>
TOTAL INVESTMENTS – 99.95% (Cost \$23,665,244)		<u>26,734,282</u>
Other Assets in Excess of Liabilities – 0.05%		<u>13,347</u>
NET ASSETS – 100.00%		<u><u>\$26,747,629</u></u>

^(a) Master Limited Partnership

^(b) Business Development Company

^(c) Rate disclosed is the seven day effective yield as of August 31, 2017.

ADR – American Depositary Receipt

ETF – Exchange-Traded Fund

SPDR – Standard & Poor’s Depository Receipt

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

MERITAGE FUNDS
STATEMENTS OF ASSETS AND LIABILITIES
August 31, 2017

	<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 \$20,082,828, \$13,511,210 and \$23,665,244)	\$24,320,986	\$16,416,559	\$26,734,282
Receivable for investments sold	146,991	–	475,551
Dividends receivable	29,853	18,999	95,317
Tax reclaims receivable	952	–	12,889
Receivable from Adviser	–	327	–
Prepaid expenses	5,629	5,134	11,956
Total Assets	<u>24,504,411</u>	<u>16,441,019</u>	<u>27,329,995</u>
Liabilities			
Payable for fund shares redeemed	–	–	7,000
Payable for investments purchased	653,672	391,723	531,844
Payable to Adviser	3,201	–	6,417
Accrued 12b-1 fees – Investor class	111	–	268
Payable to Administrator	6,772	4,977	8,395
Payable to auditor	20,500	20,500	20,500
Other accrued expenses	6,186	6,881	7,942
Total Liabilities	<u>690,442</u>	<u>424,081</u>	<u>582,366</u>
Net Assets	<u>\$23,813,969</u>	<u>\$16,016,938</u>	<u>\$26,747,629</u>
Net Assets consist of:			
Paid-in capital	\$17,969,024	\$13,514,756	\$28,507,954
Accumulated undistributed net investment income	10,347	90,491	82,891
Accumulated undistributed net realized gain (loss) from investment transactions and foreign currency translations	1,596,440	(493,658)	(4,912,254)
Net unrealized appreciation (depreciation) on investments	4,238,158	2,905,349	3,069,038
Net Assets	<u>\$23,813,969</u>	<u>\$16,016,938</u>	<u>\$26,747,629</u>
Net Assets: Institutional Class			
Shares outstanding (unlimited number of shares authorized, no par value)	1,635,444	1,286,807	2,508,176
Net asset value, offering and redemption price per share	<u>\$ 14.39</u>	<u>\$ 12.45</u>	<u>\$ 10.41</u>
Net Assets: Investor Class			
Shares outstanding (unlimited number of shares authorized, no par value)	19,341		61,360
Net asset value, offering and redemption price per share	<u>\$ 14.30</u>		<u>\$ 10.51</u>

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

MERITAGE FUNDS
STATEMENTS OF OPERATIONS
For the year ended August 31, 2017

	<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 \$419, \$6,188 and \$15,342)	\$ 225,156	\$ 236,244	\$1,449,736
Total investment income	<u>225,156</u>	<u>236,244</u>	<u>1,449,736</u>
Expenses			
Investment Adviser	150,353	108,026	242,188
Administration	33,679	24,175	54,346
Fund accounting	22,454	16,115	36,431
Audit	22,785	22,785	22,785
Registration	15,447	12,542	34,049
Transfer agent	18,061	12,968	29,195
Legal	11,954	11,357	14,602
Custodian	5,188	6,078	6,709
Insurance	5,434	5,188	6,315
Report printing	5,873	3,857	6,881
Trustee	4,768	4,755	4,818
12b-1 – Investor class	447	11 ^(a)	13,274
Pricing	2,104	2,198	2,474
Other	13,256	12,949	15,417
Total expenses	<u>311,803</u>	<u>243,004</u>	<u>489,484</u>
Fees waived by Adviser	(110,633)	(98,784)	(152,868)
Net operating expenses	<u>201,170</u>	<u>144,220</u>	<u>336,616</u>
Net investment income	<u>23,986</u>	<u>92,024</u>	<u>1,113,120</u>
Net Realized and Unrealized Gain (Loss) on Investments			
Net realized gain on investment securities transactions	1,852,658	140,802	1,746,269
Net realized loss on foreign currency translations	–	–	(140)
Net change in unrealized appreciation (depreciation) of investment securities	<u>1,792,047</u>	<u>1,534,876</u>	<u>(239,221)</u>
Net realized and unrealized gain on investments	<u>3,644,705</u>	<u>1,675,678</u>	<u>1,506,908</u>
Net increase in net assets resulting from operations	<u>\$3,668,691</u>	<u>\$1,767,702</u>	<u>\$2,620,028</u>

(a) Meritage Value Equity Fund – Investor Class liquidated on February 3, 2017.

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

MERITAGE GROWTH EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended August 31, 2017	For the Year Ended August 31, 2016
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 23,986	\$ 37,576
Net realized gain (loss) on investment securities transactions	1,852,658	(76,545)
Net change in unrealized appreciation (depreciation) of investment securities	1,792,047	1,687,088
Net increase in net assets resulting from operations	<u>3,668,691</u>	<u>1,648,119</u>
Distributions		
From net investment income – Institutional Class	(44,491)	(8,254)
From net realized gains – Institutional Class	(171,541)	(306,530)
From net realized gains – Investor Class	(1,047)	(3,439)
Total distributions	<u>(217,079)</u>	<u>(318,223)</u>
Capital Transactions – Institutional Class		
Proceeds from shares sold	4,352,696	3,937,403
Reinvestment of distributions	208,934	306,740
Amount paid for shares redeemed	(1,928,779)	(1,405,523)
Total Institutional Class	<u>2,632,851</u>	<u>2,838,620</u>
Capital Transactions – Investor Class		
Proceeds from shares sold	211,276	209,178
Reinvestment of distributions	1,047	2,111
Amount paid for shares redeemed	(328,967)	(29,277)
Total Investor Class	<u>(116,644)</u>	<u>182,012</u>
Net increase in net assets resulting from capital transactions	<u>2,516,207</u>	<u>3,020,632</u>
Total Increase in Net Assets	<u>5,967,819</u>	<u>4,350,528</u>
Net Assets		
Beginning of year	17,846,150	13,495,622
End of year	<u>\$23,813,969</u>	<u>\$17,846,150</u>
Accumulated undistributed net investment income included in net assets at end of year	<u>\$ 10,347</u>	<u>\$ 38,921</u>
Share Transactions – Institutional Class		
Shares sold	327,228	347,376
Shares issued in reinvestment of distributions	16,822	27,169
Shares redeemed	(152,144)	(121,465)
Total Institutional Class	<u>191,906</u>	<u>253,080</u>
Share Transactions – Investor Class		
Shares sold	15,392	18,178
Shares issued in reinvestment of distributions	85	188
Shares redeemed	(26,638)	(2,612)
Total Investor Class	<u>(11,161)</u>	<u>15,754</u>
Net increase in shares outstanding	<u>180,745</u>	<u>268,834</u>

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

MERITAGE VALUE EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	<u>For the Year Ended August 31, 2017</u>	<u>For the Year Ended August 31, 2016</u>
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 92,024	\$ 117,793
Net realized gain (loss) on investment securities transactions	140,802	(615,738)
Net change in unrealized appreciation (depreciation) of investment securities	<u>1,534,876</u>	<u>784,958</u>
Net increase in net assets resulting from operations	<u>1,767,702</u>	<u>287,013</u>
Distributions		
From net investment income – Institutional Class	(115,272)	(105,233)
From net investment income – Investor Class	(67) ^(a)	(66)
From net realized gains – Institutional Class	–	(50,500)
From net realized gains – Investor Class	–	(39)
Total distributions	<u>(115,339)</u>	<u>(155,838)</u>
Capital Transactions – Institutional Class		
Proceeds from shares sold	2,914,903	3,408,257
Reinvestment of distributions	113,051	153,110
Amount paid for shares redeemed	<u>(2,517,719)</u>	<u>(1,159,673)</u>
Total Institutional Class	<u>510,235</u>	<u>2,401,694</u>
Capital Transactions – Investor Class^(a)		
Proceeds from shares sold	922	–
Reinvestment of distributions	67	105
Amount paid for shares redeemed	<u>(11,012)</u>	<u>–</u>
Total Investor Class	<u>(10,023)</u>	<u>105</u>
Net increase in net assets resulting from capital transactions	<u>500,212</u>	<u>2,401,799</u>
Total Increase in Net Assets	<u>2,152,575</u>	<u>2,532,974</u>
Net Assets		
Beginning of year	13,864,363	11,331,389
End of year	<u>\$16,016,938</u>	<u>\$13,864,363</u>
Accumulated undistributed net investment income included in net assets at end of year	<u>\$ 90,491</u>	<u>\$ 115,339</u>
Share Transactions – Institutional Class		
Shares sold	247,653	313,214
Shares issued in reinvestment of distributions	9,729	14,164
Shares redeemed	<u>(222,567)</u>	<u>(104,992)</u>
Total Institutional Class	<u>34,815</u>	<u>222,386</u>
Share Transactions – Investor Class^(a)		
Shares sold	–	–
Shares issued in reinvestment of distributions	6	10
Shares redeemed	<u>(946)</u>	<u>–</u>
Total Investor Class	<u>(940)</u>	<u>10</u>
Net increase in shares outstanding	<u>33,875</u>	<u>222,396</u>

(a) Meritage Value Equity Fund – Investor Class liquidated on February 3, 2017.

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, 2017</u>	<u>For the Year Ended August 31, 2016</u>
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 1,113,120	\$ 1,268,575
Net realized gain (loss) on investment securities transactions	1,746,129	(4,040,548)
Net change in unrealized appreciation (depreciation) of investment securities and foreign currency translations	(239,221)	6,318,403
Net increase in net assets resulting from operations	<u>2,620,028</u>	<u>3,546,430</u>
Distributions		
From net investment income – Institutional Class	(925,897)	(982,202)
From net investment income – Investor Class	(141,974)	(267,892)
Total distributions	<u>(1,067,871)</u>	<u>(1,250,094)</u>
Capital Transactions – Institutional Class		
Proceeds from shares sold	2,700,387	11,584,316
Reinvestment of distributions	877,453	949,085
Amount paid for shares redeemed	(7,887,178)	(13,279,431)
Total Institutional Class	<u>(4,309,338)</u>	<u>(746,030)</u>
Capital Transactions – Investor Class		
Proceeds from shares sold	565,477	5,341,482
Reinvestment of distributions	136,022	255,968
Amount paid for shares redeemed	(11,250,540)	(6,117,689)
Total Investor Class	<u>(10,549,041)</u>	<u>(520,239)</u>
Net decrease in net assets resulting from capital transactions	<u>(14,858,379)</u>	<u>(1,266,269)</u>
Total Increase (Decrease) in Net Assets	<u>(13,306,222)</u>	<u>1,030,067</u>
Net Assets		
Beginning of year	<u>40,053,851</u>	<u>39,023,784</u>
End of year	<u>\$ 26,747,629</u>	<u>\$ 40,053,851</u>
Accumulated undistributed net investment income included in net assets at end of year	<u>\$ 82,891</u>	<u>\$ 48,558</u>
Share Transactions – Institutional Class		
Shares sold	264,568	1,240,531
Shares issued in reinvestment of distributions	86,151	101,101
Shares redeemed	(775,089)	(1,409,707)
Total Institutional Class	<u>(424,370)</u>	<u>(68,075)</u>
Share Transactions – Investor Class		
Shares sold	56,078	560,884
Shares issued in reinvestment of distributions	13,555	27,331
Shares redeemed	(1,081,302)	(651,855)
Total Investor Class	<u>(1,011,669)</u>	<u>(63,640)</u>
Net decrease in shares outstanding	<u>(1,436,039)</u>	<u>(131,715)</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, 2017</u>	<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	\$ 12.11	\$ 11.20	\$ 10.95	\$ 10.00
Investment operations:				
Net investment income	0.02	0.03	0.01	0.01
Net realized and unrealized gain on investments	<u>2.41</u>	<u>1.12</u>	<u>0.36</u>	<u>0.94</u>
Total from investment operations	<u>2.43</u>	<u>1.15</u>	<u>0.37</u>	<u>0.95</u>
Less distributions to shareholders:				
From net investment income	(0.03)	(0.01)	(0.01)	–
From net realized gains	<u>(0.12)</u>	<u>(0.23)</u>	<u>(0.11)</u>	<u>–</u>
Total distributions	<u>(0.15)</u>	<u>(0.24)</u>	<u>(0.12)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 14.39</u>	<u>\$ 12.11</u>	<u>\$ 11.20</u>	<u>\$ 10.95</u>
Total Return ^(b)	20.27%	10.41%	3.38%	9.50% ^(c)
Ratios and Supplemental Data:				
Net assets, end of period (000 omitted)	\$23,537	\$17,479	\$13,331	\$10,642
Ratio of net expenses to average net assets	1.00%	1.00%	1.00%	1.00% ^(d)
Ratio of expenses to average net assets before waiver	1.55%	1.60%	1.66%	3.49% ^(d)
Ratio of net investment income to average net assets	0.12%	0.24%	0.08%	0.22% ^(d)
Portfolio turnover rate ^(e)	82%	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, 2017</u>	<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>\$12.03</u>	<u>\$11.15</u>	<u>\$10.92</u>	<u>\$10.00</u>
Investment operations:				
Net investment income (loss)	– ^(b)	– ^(b)	(0.02)	– ^(b)
Net realized and unrealized gain on investments	<u>2.39</u>	<u>1.11</u>	<u>0.37</u>	<u>0.92</u>
Total from investment operations	<u>2.39</u>	<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>(0.12)</u>	<u>(0.23)</u>	<u>(0.11)</u>	<u>–</u>
Total distributions	<u>(0.12)</u>	<u>(0.23)</u>	<u>(0.12)</u>	<u>–</u>
Net asset value, end of period	<u>\$14.30</u>	<u>\$12.03</u>	<u>\$11.15</u>	<u>\$10.92</u>
Total Return ^(c)	20.02%	10.13%	3.17%	9.20% ^(d)
Ratios and Supplemental Data:				
Net assets, end of period (000 omitted)	\$ 276	\$ 367	\$ 164	\$ 136
Ratio of net expenses to average net assets	1.25%	1.25%	1.25%	1.25% ^(e)
Ratio of expenses to average net assets before waiver	1.80%	1.85%	1.91%	3.32% ^(e)
Ratio of net investment income (loss) to average net assets	(0.10)%	(0.01)%	(0.17)%	0.01% ^(e)
Portfolio turnover rate ^(f)	82%	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, 2017</u>	<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	\$ 11.07	\$ 11.00	\$ 11.00	\$10.00
Investment operations:				
Net investment income	0.07	0.08	0.10	0.04
Net realized and unrealized gain on investments	<u>1.41</u>	<u>0.12</u>	<u>0.01^(b)</u>	<u>0.96</u>
Total from investment operations	<u>1.48</u>	<u>0.20</u>	<u>0.11</u>	<u>1.00</u>
Less distributions to shareholders:				
From net investment income	(0.10)	(0.09)	(0.04)	–
From net realized gains	<u>–</u>	<u>(0.04)</u>	<u>(0.07)</u>	<u>–</u>
Total distributions	<u>(0.10)</u>	<u>(0.13)</u>	<u>(0.11)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 12.45</u>	<u>\$ 11.07</u>	<u>\$ 11.00</u>	<u>\$11.00</u>
Total Return ^(c)	13.41%	1.85%	0.94%	10.00% ^(d)
Ratios and Supplemental Data:				
Net assets, end of period (000 omitted)	\$16,017	\$13,854	\$11,321	\$9,673
Ratio of net expenses to average net assets	1.00%	1.00%	1.00%	1.00% ^(e)
Ratio of expenses to average net assets before waiver	1.69%	1.67%	1.66%	3.58% ^(e)
Ratio of net investment income to average net assets	0.60%	0.89%	0.96%	0.86% ^(e)
Portfolio turnover rate ^(f)	81%	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, 2017</u>	<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	\$ 10.00	\$ 9.44	\$ 11.27	\$ 10.00
Investment operations:				
Net investment income	0.37	0.32	0.33	0.10
Net realized and unrealized gain (loss) on investments	<u>0.40</u>	<u>0.56</u>	<u>(1.71)</u>	<u>1.17</u>
Total from investment operations	<u>0.77</u>	<u>0.88</u>	<u>(1.38)</u>	<u>1.27</u>
Less distributions to shareholders:				
From net investment income	(0.36)	(0.32)	(0.41)	–
From net realized gains	–	–	(0.03)	–
From return of capital	<u>–</u>	<u>–</u>	<u>(0.01)</u>	<u>–</u>
Total distributions	<u>(0.36)</u>	<u>(0.32)</u>	<u>(0.45)</u>	<u>–</u>
Net asset value, end of period	<u>\$ 10.41</u>	<u>\$ 10.00</u>	<u>\$ 9.44</u>	<u>\$ 11.27</u>
Total Return ^(b)	7.79%	9.58%	(12.56)%	12.70% ^(c)
Ratios and Supplemental Data:				
Net assets, end of period (000 omitted)	\$26,103	\$29,340	\$28,316	\$26,436
Ratio of net expenses to average net assets	1.00%	1.00%	1.00%	1.00% ^(d)
Ratio of expenses to average net assets before waiver	1.48%	1.49%	1.44%	2.62% ^(d)
Ratio of net investment income to average net assets	3.49%	3.41%	3.17%	2.70% ^(d)
Portfolio turnover rate ^(e)	60%	99%	86%	63% ^(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 YIELD-FOCUS EQUITY FUND – INVESTOR CLASS
FINANCIAL HIGHLIGHTS
(For a share outstanding during each period)

	<u>For the Year Ended August 31, 2017</u>	<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	\$ 9.98	\$ 9.42	\$ 11.25	\$10.00
Investment operations:				
Net investment income	0.32 ^(b)	0.32	0.29	0.01
Net realized and unrealized gain (loss) on investments	<u>0.46</u>	<u>0.54</u>	<u>(1.70)</u>	<u>1.24</u>
Total from investment operations	<u>0.78</u>	<u>0.86</u>	<u>(1.41)</u>	<u>1.25</u>
Less distributions to shareholders:				
From net investment income	(0.25)	(0.30)	(0.38)	–
From net realized gains	–	–	(0.03)	–
From return of capital	–	–	(0.01)	–
Total distributions	<u>(0.25)</u>	<u>(0.30)</u>	<u>(0.42)</u>	<u>–</u>
Net asset value, end of period	<u>\$10.51</u>	<u>\$ 9.98</u>	<u>\$ 9.42</u>	<u>\$11.25</u>
Total Return ^(c)	7.93%	9.35%	(12.85)%	12.50% ^(d)
Ratios and Supplemental Data:				
Net assets, end of period (000 omitted)	\$ 644	\$10,714	\$10,708	\$2,627
Ratio of net expenses to average net assets	1.25%	1.25%	1.25%	1.25% ^(e)
Ratio of expenses to average net assets before waiver	1.73%	1.74%	1.69%	2.46% ^(e)
Ratio of net investment income to average net assets	3.18%	3.17%	2.84%	2.26% ^(e)
Portfolio turnover rate ^(f)	60%	99%	86%	63% ^(d)

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

(b) Calculated using the average shares method.

(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 FUNDS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

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 Growth Equity and Yield-Focus Equity Funds each offer two share classes, Institutional Class Shares and Investor Class Shares. As disclosed in a prospectus supplement dated February 15, 2017, the Value Equity Fund has discontinued the sale of its Investor Shares, and will continue to offer Institutional 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”).

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.

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 Funds 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 has qualified and 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

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

The Funds may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and unrealized appreciation as such income and/or gains are earned.

The Funds recognize tax benefits or expenses of uncertain tax positions only when the position is “more likely than not” to be sustained assuming examination by tax authorities. Management of the Funds has reviewed tax positions taken in tax years that remain subject to examination by all major tax jurisdictions, including federal (i.e., the previous three tax year ends and the interim tax period since then, as applicable) and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements and does not expect this to change over the next twelve months. 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.

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 fixed income securities purchased are amortized over the life of the respective securities 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, except for Yield-Focus Fund Each Fund which will normally distribute dividends on a quarterly 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

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – continued

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 year ended August 31, 2017, the Funds made the following reclassifications to increase (decrease) the components of net assets, which were due to return of capital distributions from underlying investments, dispositions of complex securities and nondeductible expenses:

	<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	\$ (3)	\$ (8,069)	\$ 8,072
Value Equity Fund	–	(1,533)	1,533
Yield-Focus Equity Fund	(8,455)	(10,916)	19,371

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. 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.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS – continued

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, including exchange-traded funds and convertible preferred stocks, 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. If a non-exchange traded security does not trade on a particular day, then the mean between the last quoted closing bid and asked price will be used. 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 a 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 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, 2017:

	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Growth Equity Fund				
Common Stocks	\$ 20,493,287	\$ –	\$ –	\$ 20,493,287
Exchange-Traded Funds	1,745,132	–	–	1,745,132
Money Market Securities	2,082,567	–	–	2,082,567
Total	\$ 24,320,986	\$ –	\$ –	\$ 24,320,986

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS – continued

Value Equity Fund	Valuation Inputs			Total
	Level 1	Level 2	Level 3	
Common Stocks	\$ 15,128,199	\$ –	\$ –	\$ 15,128,199
Exchange-Traded Funds	581,161	–	–	581,161
Money Market Securities	<u>707,199</u>	<u>–</u>	<u>–</u>	<u>707,199</u>
Total	\$ 16,416,559	\$ –	\$ –	\$ 16,416,559
Yield-Focus Equity Fund				
Common Stocks	\$ 24,209,291	\$ –	\$ –	\$ 24,209,291
Convertible Preferred Stocks	1,501,604	–	–	1,501,604
Exchange-Traded Funds	550,736	–	–	550,736
Money Market Securities	<u>472,651</u>	<u>–</u>	<u>–</u>	<u>472,651</u>
Total	\$ 26,734,282	\$ –	\$ –	\$ 26,734,282

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 as of August 31, 2017 based on input levels assigned as 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 fiscal year ended August 31, 2017, the Adviser earned fees of \$150,353 from the Growth Equity Fund, \$108,026 from the Value Equity Fund and \$242,188 from the Yield-Focus Equity Fund before the reimbursements described below. At August 31, 2017, the Growth Equity Fund owed the Adviser \$3,201 and the Yield-Focus Fund owed the Adviser \$6,417. At August 31, 2017, the Value Equity Fund was due \$327 from the Adviser.

The Adviser has contractually agreed to waive its management fee and/or reimburse expenses so that total annual operating expenses (excluding (i) interest; (ii) taxes; (iii) brokerage fees and commissions; (iv) other extraordinary expenses not incurred in the ordinary course of the Fund’s business; (v) dividend expenses on short sales; (vi) expenses incurred under a Rule 12b-1 plan of distribution; and (vii) indirect expenses such as acquired fund fees and expenses) do not exceed 1.00% of each Fund’s average daily net assets through December 31, 2017 (“Expense Limitation”). During any fiscal year that the Investment Advisory Agreement between the Adviser and the Trust is in effect, the Adviser may recoup the sum of all fees previously waived or expenses reimbursed for a period of 36 months following the month during which such fee waiver or expense reimbursement was made, less any reimbursement previously paid, if such recoupment can be achieved within the Expense Limitation as well as any expense limitation in effect at the time the reimbursement is made. This expense cap agreement may be terminated by the Board at any time.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES – continued

As of August 31, 2017, the Adviser may seek repayment of investment advisory fee waivers and expense reimbursements up to the amounts of \$288,287, \$259,836 and \$529,840 from the Growth Equity Fund, Value Equity Fund and Yield-Focus Equity Fund, respectively, no later than August 31, 2020.

The Trust retains Ultimus Asset Services, LLC (the “Administrator”) to provide the Funds with non-investment related administration and compliance, fund accounting and transfer agent services. For the year ended August 31, 2017, fees incurred for administration, fund accounting and transfer agent services, and the amounts due to the Administrator at August 31, 2017 were as follows:

	<u>Growth Equity Fund</u>	<u>Value Equity Fund</u>	<u>Yield-Focus Equity Fund</u>
Administration	\$33,679	\$24,175	\$54,346
Fund Accounting	22,454	16,115	36,431
Transfer Agent	18,061	12,968	29,195
Payable to Administrator	6,772	4,977	8,395

The Board supervises the business activities of the Trust. Each Trustee serves as a Trustee for the lifetime of the Trust or until the earlier of his or her retirement as a Trustee at age 75, death, resignation or is removed. “Independent Trustees,” which means that they are not “interested persons” as defined in the 1940 Act of the Trust each receives annual compensation of \$15,000 from the Trust. Each Committee Chairperson receives an additional annual compensation of \$1,000 from the Trust. Independent Trustees also receive \$1,000 for attending each special in-person meeting and up to \$1,000 for attending special telephonic meetings, depending on the length of the telephonic meeting. In addition, the Trust reimburses Trustees for out-of-pocket expense incurred in conjunction with attendance at meetings.

The officers and one Trustee of the Trust are employees of Ultimus. Unified Financial Securities, LLC (the “Distributor”) acts as the principal distributor of the Fund’s shares. Both Ultimus and the Distributor operate as wholly-owned subsidiaries of Ultimus Fund Solutions, LLC.

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 (“12b-1 Expense”). The Funds or Distributor 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. For the year ended August 31, 2017, Investor Shares 12b-1 expense incurred by the Growth Equity Fund was \$447, \$11 for the Value Equity Fund, and \$13,274 for the Yield-Focus Equity Fund. At August 31, 2017, the Distributor was owed \$111 by the Growth Equity Fund and \$268 for the Yield Focus Equity Fund for Investor Shares 12b-1 expenses.

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 5. PURCHASES AND SALES OF SECURITIES

For the year ended August 31, 2017, 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	\$16,978,276	\$15,735,988
Value Equity Fund	11,703,951	11,430,883
Yield-Focus Equity Fund	18,693,088	33,159,607

There were no purchases or sales of long-term U.S. government obligations during the fiscal year ended August 31, 2017.

NOTE 6. 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, 2017, National Financial Services LLC (“NFS”) and Charles Schwab & Co. Inc. (“Schwab”) owned, as record shareholder, 49.34% and 46.61%, respectively, of the outstanding shares of the Growth Equity Fund. At August 31, 2017, NFS and Schwab owned, as record shareholder, 52.70% and 44.57%, respectively, of the outstanding shares of the Value Equity Fund. At August 31, 2017, NFS and Schwab owned, as record shareholder, 61.75% and 30.30%, respectively, of 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 7. FEDERAL TAX INFORMATION

At August 31, 2017, the net unrealized appreciation (depreciation) of investments for tax purposes was as follows:

	<u>Tax Cost of Securities</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Growth Equity Fund	20,100,658	4,420,932	(200,604)	4,220,328
Value Equity Fund	13,551,723	3,001,719	(136,883)	2,864,836
Yield-Focus Equity Fund	23,902,864	3,262,022	(430,604)	2,831,418

The tax character of distributions paid during the year ended August 31, 2017 and 2016, were as follows:

2017

	<u>Ordinary Income</u>	<u>Net Long-Term Capital Gains</u>	<u>Return of Capital</u>	<u>Total Distributions Paid</u>
Growth Equity Fund	\$ 44,491	\$172,588	\$–	\$ 217,079
Value Equity Fund	115,339	–	–	115,339
Yield-Focus Equity Fund	1,067,872	–	–	1,067,872

MERITAGE FUNDS
NOTES TO THE FINANCIAL STATEMENTS – (continued)
August 31, 2017

NOTE 7. FEDERAL TAX INFORMATION – continued

2016

	<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

At August 31, 2017, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

	<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	\$ 10,347	\$1,614,270	\$ –	\$4,220,328	\$ 5,844,945
Value Equity Fund	90,491	–	(453,145)	2,864,836	\$ 2,502,182
Yield-Focus Equity Fund	126,541	–	(4,718,284)	2,831,418	\$(1,760,325)

The difference between book basis and tax basis unrealized appreciation is primarily attributable to the tax deferral of wash losses, return of capital adjustments, interest accruals on trust preferred securities and mark-to-market of passive foreign investment companies.

As of August 31, 2017, the Value Equity Fund and Yield-Focus Equity Fund, respectively, had available for tax purposes an unused capital loss carryforward of \$453,145, and \$4,718,284 of short-term capital losses with no expiration, which was available to offset against future taxable net capital gains. 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.

NOTE 8. 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 9. SUBSEQUENT EVENTS

Management has evaluated events or transactions from August 31, 2017 through the date these financial statements were issued that would merit recognition or disclosure in the financial statements. There were no subsequent events to report that would have a material impact in the Funds' financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders of
Capitol Series Trust

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the Meritage Growth Equity Fund, Meritage Value Equity Fund, and Meritage Yield-Focus Equity Fund (the “Funds”), each a series of the Capitol Series Trust, as of August 31, 2017, and the related statements of operations, changes in net assets and financial highlights for the year 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. The statements of changes in net assets and financial highlights of the Funds for the periods presented through August 31, 2016, were audited by other auditors whose report dated October 26, 2016, expressed an unqualified opinion on those statements of changes in net assets and financial highlights.

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. We were not engaged to perform an audit of the Funds’ internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds’ internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2017, by correspondence with the custodians and brokers or by other appropriate auditing procedures where replies from custodians or brokers were not received. 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, 2017, the results of their operations, changes in their net assets and financial highlights for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Grandview Heights, Ohio
October 27, 2017

SUMMARY OF FUND 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, 2017 to August 31, 2017.

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, 2017	Ending Account Value August 31, 2017	Expenses Paid During the Period*	Annualized Expense Ratio
Meritage Growth Equity Fund Institutional Class				
Actual	\$ 1,000.00	\$ 1,085.20	\$ 5.26	1.00%
Hypothetical**	\$ 1,000.00	\$ 1,020.16	\$ 5.09	1.00%
Investor Class				
Actual	\$ 1,000.00	\$ 1,084.20	\$ 6.57	1.25%
Hypothetical**	\$ 1,000.00	\$ 1,018.90	\$ 6.36	1.25%
Meritage Value Equity Fund Institutional Class				
Actual	\$ 1,000.00	\$ 1,036.60	\$ 5.13	1.00%
Hypothetical**	\$ 1,000.00	\$ 1,020.16	\$ 5.09	1.00%
Meritage Yield-Focus Equity Fund Institutional Class				
Actual	\$ 1,000.00	\$ 1,013.70	\$ 5.08	1.00%
Hypothetical**	\$ 1,000.00	\$ 1,020.16	\$ 5.09	1.00%
Investor Class				
Actual	\$ 1,000.00	\$ 1,013.20	\$ 6.34	1.25%
Hypothetical**	\$ 1,000.00	\$ 1,018.90	\$ 6.36	1.25%

* Expenses are equal to the Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by 184/365.

** 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: 72 Trustee Began Serving: November 2013	Principal Occupations(s): President, Leigh Management Group, LLC (consulting firm) (October 2005 to present); President, Leigh Investments, Inc. (1988 to present); and Chief Financial Officer, East West Private, LLC (consulting firm) (March 2009 to present).
Mary M. Morrow Age: 59 Trustee Began Serving: November 2013	Principal Occupations(s): Chief Operating Officer, Pennsylvania Health and Wellness (fully owned subsidiary of Centene Corporation) (November 2016 to present). Previous Position(s): Vice President, Strategic Initiatives, Gateway Heath (January 2015 to November 2016); 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 8 series.

Interested Trustees & Officers

Name, Address,* Age, Position with Trust,** Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
Robert G. Dorsey*** Age: 60 Chairman of the Board and Trustee Began Serving: March 2017	Principal Occupation(s): President and Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC (1999 to present); Interested Trustee of Ultimus Managers Trust (February 2012 to present). Previous Position(s): President of Ultimus Managers Trust (June 2012 to October 2013).
Matthew J. Miller Age: 41 Chief Executive Officer and President Began Serving: September 2013	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). 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).

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
Zachary P. Richmond Age: 37 Treasurer and Chief Financial Officer Began Serving: August 2014	<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); and Assistant Treasurer, Unified Series Trust (2011 to August 2014).</p>
John C. Swhear Age: 56 Chief Compliance Officer Began Serving: September 2013	<p>Principal Occupation(s): Assistant Vice President, Associate Director of Fund Administration, Ultimus Fund Solutions, LLC (May 2017 to present); Chief Compliance Officer of Unified Financial Securities, LLC (the Distributor) (July 2007 to present); Chief Compliance Officer, Vice President of Valued Advisers Trust (August 2008 to present); and Assistant Secretary, First Western Funds Trust (April 2017 to present).</p> <p>Previous Position(s): Associate Director of Compliance, Ultimus Fund Solutions, LLC (December 2015 to May 2017); President, Unified Series Trust (March 2012 to January 2016); Director, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (July 2014 to December 2015); Vice President of Legal Administration and Compliance, Huntington Asset Services, Inc. (April 2007 to December 2015); Director of Unified Financial Securities, Inc. (n/k/a Unified Financial Securities, LLC) (July 2014 to December 2015); Secretary, The Huntington Funds (April 2010 to February 2012); and Senior Vice President, Unified Series Trust (May 2007 to March 2012).</p>
Stacey Havens Age: 51 Vice President Began Serving: September 2013	<p>Principal Occupation(s): Assistant Vice President, Relationship Management, Ultimus Fund Solutions, LLC (December 2015 to present).</p> <p>Previous Position(s): Vice President, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (July 1993 to December 2015).</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
Tiffany R. Franklin Age: 41 Secretary Began Serving: December 2015	Principal Occupation(s): Senior Paralegal, Ultimus Fund Solutions, LLC (December 2015 to present); Assistant Secretary, Wilshire Mutual Funds, Inc. and Wilshire Variable Insurance Trust (October 2016 to present); and Assistant Secretary, Cross Shore Discovery Fund (2017 to present; and Assistant Secretary, Caldwell & Orkin Funds, Inc. (June 2017 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, The Huntington Funds (December 2015 to March 2016); and Secretary, Huntington Strategy Shares (December 2015 to March 2016).

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

** The Trust currently consists of 8 series.

*** Mr. Dorsey is considered an “interested person” of the Trust within the meaning of Section 2(a)(19) of the 1940 Act because of his relationship with the Trust’s administrator, transfer agent, and distributors.

OTHER INFORMATION (Unaudited)

The Fund’s 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 2018 will show the tax status of all distributions paid to your account in calendar year 2017. 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, 2017, the following Funds paid qualified dividend income:

<u>Fund</u>	<u>Qualified Dividend Income</u>
Growth Equity Fund	100.00%
Value Equity Fund	100.00%
Yield-Focus Equity Fund	93.98%

For the taxable year ended August 31, 2017, 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	100.00%
Value Equity Fund	100.00%
Yield-Focus Equity Fund	76.89%

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	\$172,588

FACTS	WHAT DOES CAPITOL SERIES TRUST DO WITH YOUR PERSONAL INFORMATION?
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Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
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What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> ▪ Social Security number ▪ account balances and account transactions ▪ account transactions, transaction or loss history and purchase history ▪ checking account information and wire transfer instructions <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
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How?	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Capitol Series Trust chooses to share; and whether you can limit this sharing.
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Reasons we can share your personal information	Does Capitol Series Trust share?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes
For our marketing purposes – to offer our products and services to you	Yes
For joint marketing with other financial companies	No
For our affiliates’ everyday business purposes – information about your transactions and experiences	No
For our affiliates’ everyday business purposes – information about your creditworthiness	No
For nonaffiliates to market to you	No

Questions?	Call 1-855-261-0104
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Who we are	
Who is providing this notice?	Capitol Series Trust
What we do	
How does Capitol Series Trust protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Capitol Series Trust collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account or deposit money ▪ buy securities from us or sell securities to us ▪ make deposits or withdrawals from your account provide account information ▪ give us your account information ▪ make a wire transfer ▪ tell us who receives the money ▪ tell us where to send the money ▪ show your government-issued ID ▪ show your driver's license
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes – information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ Capitol Series Trust does not share your personal information with nonaffiliates so they can market to you.
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ Capitol Series Trust doesn't jointly market financial products or services to you.

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

Robert G. Dorsey, Chairman
Walter B. Grimm
Mary M. Morrow

OFFICERS

Matthew J. Miller, Chief Executive Officer and
President
John C. Swhear, Chief Compliance 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.
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Overland Park, KS 66210

DISTRIBUTOR

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Indianapolis, IN 46240

**INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

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CUSTODIAN

Huntington National Bank
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Columbus, OH 43215

**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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