

**Meritage Growth Equity Fund  
Institutional Shares – MPGIX  
Investor Shares – MPGEX**

**Meritage Value Equity Fund  
Institutional Shares – MVEBX**

**Meritage Yield-Focus Equity Fund  
Institutional Shares – MPYIX  
Investor Shares – MPYEX**

**Each a series of the Capitol Series Trust**

**Supplement to the Prospectus and Statement of Additional Information  
Each Dated December 29, 2017**

The Prospectus and Statement of Additional Information (“SAI”), each dated December 29, 2017, as amended, of the Meritage Growth Equity Fund, the Meritage Value Equity Fund, and the Meritage Yield-Focus Equity Fund (collectively, the “Funds”) is hereby amended to reflect the updated information as detailed below.

Explanatory Note: Effective December 14, 2017 for performance reflected in the Prospectus dated December 29, 2017, the Meritage Yield-Focus Equity Fund’s benchmark was updated from the Russell 3000® Value Index to the Zacks Multi-Asset Income Index based on the Adviser’s determination that the Zacks Multi-Asset Income Index more closely aligns with the investment strategy of the Meritage Yield-Focus Equity Fund. The Trust’s Board approved this change to the Meritage Yield-Focus Equity Fund’s benchmark in December 2017. The Investment Goal for the Meritage Yield-Focus Equity Fund stated in the “Overview of the Funds” table in the section titled “Additional Information Regarding Principal Investment Strategies” in the Funds’ Prospectus was inadvertently prematurely modified. Accordingly, the Investment Goal of the Meritage Yield-Focus Equity Fund found in the “Overview of the Funds” table in the Funds’ Prospectus is hereby amended to reflect the following:

**Investment Goal**

**Yield-Focus Equity Fund**

- To provide competitive equity performance with less volatility than a broad-based equity index such as the Russell 3000 Value Index (a “Benchmark”), and to have 50%-75% of these returns come in the form of cash distributions on portfolio securities

Please replace sub-sections titled “A. General Information” and “B. Qualifications of the Trustees” in the section titled “Trustees and Officers” in the Funds’ SAI with the following:

**TRUSTEES AND OFFICERS**

**A. General Information**

The Board supervises the business activities of the Trust and is responsible for protecting the interests of shareholders. The Chair of the Board is Walter B. Grimm, who is an Independent Trustee 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 78, death, resignation or removal. Officers are re-elected annually by the Board. The address of each Trustee and officer is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246.

As of the date of this SAI, the Trustees oversee the operations of 10 series.

**Interested Trustee Background.** The following table provides information regarding the Interested Trustee.

Name, Address, (Age), Position with Trust, Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
<p><b>Robert G. Dorsey*</b> Age: 61 TRUSTEE Began Serving: March 2017</p>	<p><b>Principal Occupation(s):</b> 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).</p> <p><b>Previous Position(s):</b> President of Ultimus Managers Trust (June 2012 to October 2013).</p>

\* 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.

**Independent Trustee Background.** The following table provides information regarding the Independent Trustees.

Name, Address, (Age), Position with Trust, Term of Position with Trust	Principal Occupation During Past 5 Years and Other Directorships
<p><b>Walter B. Grimm</b> Age: 73 TRUSTEE AND CHAIR Began Serving: November 2013</p>	<p><b>Principal Occupations(s):</b> 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).</p>
<p><b>Mary M. Morrow</b> Age: 60 TRUSTEE Began Serving: November 2013</p>	<p><b>Principal Occupations(s):</b> Chief Operating Officer, Pennsylvania Health and Wellness (fully owned subsidiary of Centene Corporation) (November 2016 to present).</p> <p><b>Previous Position(s):</b> Vice President, Strategic Initiatives, Gateway Health (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).</p>

**Officers.** The following table provides information regarding the Officers.

<u>Name, Address, (Age), Position with Trust, Term of Position with Trust</u>	<u>Principal Occupation During Past 5 Years and Other Directorships</u>
<p><b>Dina A. Tantra</b> Age: 48 CHIEF EXECUTIVE OFFICER AND PRESIDENT Began Serving: March 2018</p>	<p><b>Principal Occupation(s):</b> Executive Vice President and Director of Fund Administration and Compliance, Ultimus Fund Solutions, LLC (August 2017 to present).</p> <p><b>Previous Position(s):</b> Managing Director, Foreside Financial Group, LLC (2016 to 2017); Trustee and President, Advisers Investment Trust (September 2012 to August 2017); Managing Director, Secretary and General Counsel, Beacon Hill Fund Services, Inc. (2008 to 2016); Secretary and General Counsel, BHIL Distributors, Inc. (2008 to 2016).</p>
<p><b>Matthew J. Miller</b> Age: 42 VICE PRESIDENT Began Serving: September 2013</p>	<p><b>Principal Occupation(s):</b> Assistant Vice President, Relationship Management, Ultimus Fund Solutions, LLC (December 2015 to present); Vice President, Valued Advisers Trust (December 2011 to present).</p> <p><b>Previous Position(s):</b> Chief Executive Officer and President, Capitol Series Trust (March 2017 to March 2018); Vice President, Relationship Management, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (2008 to December 2015); Vice President, The Huntington Funds (February 2010 to April 2015); Vice President, Transfer Agency Operations, Huntington Asset Services, Inc. (2002 to 2008); Employed in various positions with Huntington Asset Services, Inc. (July 1998 to 2002).</p>
<p><b>Zachary P. Richmond</b> Age: 38 TREASURER AND CHIEF FINANCIAL OFFICER Began Serving: August 2014</p>	<p><b>Principal Occupation(s):</b> 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><b>Previous Position(s):</b> 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>
<p><b>Brandon Kipp</b> Age: 35 CHIEF COMPLIANCE OFFICER Began Serving: October 2017</p>	<p><b>Principal Occupation(s):</b> Senior Fund Compliance Officer, Ultimus Fund Solutions, LLC (since July 2017) and Chief Compliance Officer, Valued Advisers Trust (since October 2017).</p> <p><b>Previous Position(s):</b> Assistant Vice President and Compliance Manager, UMB Fund Services, Inc. (March 2014 to July 2017); Officer and Lead Fund Administrator, UMB Fund Services, Inc. (May 2012 to March 2014).</p>
<p><b>Stephen L. Preston</b> Age: 52 ANTI-MONEY LAUNDERING OFFICER Began Serving: December 2016</p>	<p><b>Principal Occupation(s):</b> Chief Compliance Officer, Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC from June 2011 to present.</p>

**Name, Address, (Age), Position with Trust,  
Term of Position with Trust**

**Principal Occupation During Past 5 Years  
and Other Directorships**

**John C. Swhear**

Age: 57

SECRETARY

Began Serving: March 2018

**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 Trust's distributor) (May 2007 to present); and Secretary, The Cutler Trust (August 2017 to present).

**Previous Position(s):** Chief Compliance Officer, Capitol Series Trust (September 2013 to October 2017); Chief Compliance Officer, Anti-Money Laundering Officer and Vice President of Valued Advisers Trust (May 2007 to October 2017); Vice President of the Unified Series Trust (January 2016 to October 2017); Associate Director of Compliance, Ultimus Fund Solutions, LLC (December 2015 to May 2017); Director, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (May 2014 to December 2015); Vice President of Legal Administration and Compliance, Huntington Asset Services, Inc. (April 2007 to December 2015); President, Unified Series Trust (August 2013 to January 2016); Interim President, Unified Series Trust (March 2012 to August 2013).

## **B. Qualifications of the Trustees**

In addition to the information provided above, below is a summary of the specific experience, qualifications, attributes or skills of each Trustee and the reason why he or she was selected to serve as Trustee:

**Mr. Robert G. Dorsey** – Mr. Dorsey is a co-founder of Ultimus Fund Solutions, LLC (“Ultimus”) and Ultimus Fund Distributors, LLC. He has served as President and Managing Director of both since their founding in 1999. He has over 30 years of experience in the mutual fund servicing industry. Mr. Dorsey holds a B.S. from Christian Brothers University and is a Certified Public Accountant (inactive). He has been a Trustee since March 2017. Mr. Dorsey previously served as Chair of the Board from March 2017 to March 2018.

**Mr. Walter B. Grimm** – Mr. Grimm has over 20 years of experience in the financial services industry, including as a trustee of other mutual funds and as the head of Client Services and Relationship Management areas for a mutual fund servicing company. He was selected to serve as Trustee of the Trust based primarily on his extensive knowledge of mutual fund operations. Mr. Grimm has been a Trustee since November 2013 and began serving as Chair of the Board in March 2018. Mr. Grimm also serves as Chair of the Valuation Committee and Audit Committee.

**Ms. Mary M. Morrow** – Ms. Morrow has over 25 years of experience in customer service, processing operations, and systems implementation experience both in the managed care and financial services arenas. Prior to work in the managed care arena, Mr. Morrow served as the Vice President in charge of Business Applications for a large mutual fund company and as a Senior Vice President of Transfer Agency Operations for a mutual fund services provider. She was selected to serve as a Trustee of the Trust based primarily on her significant corporate experience as well as her operational knowledge of mutual fund operations. Ms. Morrow has been a Trustee since November 2013. Ms. Morrow also serves as Chair of the Nominating Committee.

Please replace the first sentence and accompanying table providing information regarding shares of the Funds and other portfolios of the Trust owned by each Trustee as it appears in sub-section titled “D. Trustee Ownership of Shares of the Funds and of the Fund Complex” in the section titled “Trustees and Officers” in the Funds’ SAI with the following:

**D. Trustee Ownership of Shares of the Funds and of the Fund Complex**

The following table provides information regarding shares of the Funds and other portfolios of the Trust owned by each Trustee as of December 31, 2017.

<u>Trustee</u>	<u>Dollar Range of a Fund's Shares</u>	<u>Aggregate Dollar Range of Shares of All Series Within the Trust**</u>
<b>Interested Trustee</b>		
Robert G. Dorsey . . . . .		Over \$100,000
Growth Equity Fund . . . . .	\$10,001 – \$50,000	
Value Equity Fund . . . . .	None	
Yield-Focus Equity Fund . . . . .	None	
<b>Independent Trustees</b>		
Walter B. Grimm . . . . .		\$10,001 – \$50,000
Growth Equity Fund . . . . .	\$10,001 – \$50,000	
Value Equity Fund . . . . .	None	
Yield-Focus Equity Fund . . . . .	None	
Mary M. Morrow . . . . .		None
Growth Equity Fund . . . . .	None	
Value Equity Fund . . . . .	None	
Yield-Focus Equity Fund . . . . .	None	

\*\* The Trust currently consists of 10 series.

Further Information

For further information, please contact the Funds toll-free at (855) 261-0104. You may also obtain additional copies of the Funds' Prospectus and SAI, free of charge, by writing to the Funds c/o Ultimus Asset Services, LLC at P.O. Box 46707, Cincinnati, Ohio 45246-0707, by calling the Funds toll-free at the number above or by visiting the Funds' website at [www.meritageportfolيوفunds.com](http://www.meritageportfolيوفunds.com).



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**STATEMENT OF ADDITIONAL INFORMATION**

December 29, 2017

This Statement of Additional Information (“SAI”) provides general information about the Meritage Growth Equity Fund, the Meritage Value Equity Fund, and the Meritage Yield-Focus Equity Fund (each a “Fund” and collectively, the “Funds”), each a series of the Capitol Series Trust (the “Trust”). This SAI is not a prospectus and should be read in conjunction with the Funds’ current prospectus dated December 29, 2017 (the “Prospectus”), as supplemented and amended from time to time, which is incorporated herein by reference. To obtain a copy of the Funds’ Prospectus, free of charge, please write the transfer agent at Ultimus Asset Services, LLC, a wholly owned subsidiary of Ultimus Fund Solutions, LLC (formerly, Huntington Asset Services, Inc.), P.O. Box 46707, Cincinnati, OH 45246-0707, call Shareholder Services at (855) 261-0104, or visit the Funds’ website at [www.meritageportfoliofunds.com](http://www.meritageportfoliofunds.com).

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
<u>DESCRIPTION OF THE TRUST AND FUNDS</u>	3
<u>ADDITIONAL INFORMATION ABOUT FUND INVESTMENTS AND RISK CONSIDERATIONS</u>	4
<u>INVESTMENT LIMITATIONS</u>	10
<u>INVESTMENT MANAGEMENT</u>	12
<u>TRUSTEES AND OFFICERS</u>	15
<u>CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES</u>	20
<u>PORTFOLIO TURNOVER</u>	23
<u>ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM</u>	23
<u>PORTFOLIO TRANSACTIONS AND BROKERAGE</u>	24
<u>CODE OF ETHICS</u>	24
<u>DISCLOSURE OF PORTFOLIO HOLDINGS</u>	25
<u>DETERMINATION OF NET ASSET VALUE</u>	26
<u>REDEMPTION IN KIND</u>	27
<u>STATUS AND TAXATION OF THE FUNDS</u>	27
<u>CUSTODIAN</u>	29
<u>TRANSFER AGENT, FUND ACCOUNTING AGENT, AND ADMINISTRATOR</u>	29
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	31
<u>DISTRIBUTOR</u>	31
<u>PROXY VOTING POLICIES</u>	32
<u>FINANCIAL STATEMENTS</u>	33

## **DESCRIPTION OF THE TRUST AND FUNDS**

### **A. General Information**

The Meritage Growth Equity Fund (the “Growth Equity Fund”), the Meritage Value Equity Fund (“Value Equity Fund”), and the Meritage Yield-Focus Equity Fund (“Yield-Focus Equity Fund”) were organized as a diversified series of Capitol Series Trust (the “Trust”) on September 27, 2013. 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 Growth Equity Fund and Yield-Focus Equity Fund each currently offer two classes of shares, Institutional Shares and Investor Shares. The Value Equity Fund currently offers only Institutional Shares. Meritage Portfolio Management, Inc. (the “Adviser”), serves as investment adviser to each Fund.

Expenses attributable to any series or class are borne by that series or class. Any general expenses of the Trust not readily identifiable as belonging to a particular series or class are allocated by or under the direction of the Trustees in such manner as the Trustees determine to be fair and equitable. No shareholder is liable to further calls or to assessment by the Trust without his or her express consent.

No Fund issues share certificates. Rather, all shares are held in non-certificated form registered on the books of the Funds and Ultimus Asset Services, LLC, the Funds’ transfer agent (the “Transfer Agent”) for the account of the shareholder.

### **B. Shareholder Voting and Other Rights**

The Trust Agreement permits the Trust’s Board of Trustees (the “Board”), without shareholder approval, to issue an unlimited number of shares of beneficial interest in separate series without par value and to divide series into classes of shares. The Board may from time to time, and without shareholder approval, divide or combine the shares of a Fund or class thereof into a greater or lesser number of shares of that Fund or class so long as the proportionate beneficial interest in the assets belonging to that Fund or class and the rights of shares of any other series or class are in no way affected.

Each share of a Fund represents an equal proportionate interest in the assets and liabilities belonging to that Fund and in such dividends and distributions out of income belonging to that Fund as are declared by the Board.

Each Fund share has the same voting and other rights and preferences as any other shares of the Trust with respect to matters that affect the Trust as a whole. Each Fund or class thereof votes separately with respect to the provisions of any Rule 12b-1 plan which pertains to that Fund or class and other matters for which separate series or class voting is appropriate under applicable law. Generally, shares will be voted separately by individual series except if: (1) the Investment Company Act of 1940, as amended (the “1940 Act”) requires shares to be voted in the aggregate and not by individual series; and (2) when the Trustees determine that the matter affects more than one series and all affected series must vote. The Trustees may also determine that a matter only affects certain series or classes of the Trust and thus only those series or classes are entitled to vote on the matter.

Ohio law does not require the Trust to hold annual meetings of shareholders, and it is anticipated that shareholder meetings will be held only when specifically required by Federal or state law. When matters are submitted to shareholders for a vote, each shareholder is entitled to one vote for each whole share owned and fractional votes for each fractional share owns.

The Fund shares do not have cumulative voting rights, any preemptive or conversion rights, or any sinking fund provisions. Any Trustee may be removed by vote of the shareholders holding not less than two-thirds of the outstanding shares of the Trust.

The Trust Agreement can be amended by the Trustees, except that certain amendments that could adversely affect the rights of shareholders must be approved by the shareholders affected.



## C. Redemptions

**Voluntary Redemptions.** A shareholder may redeem shares of a Fund class at the net asset value per share of that Fund class next-calculated after the Fund receives the shareholder's redemption request in proper form.

**Mandatory Redemption.** Each share of each series and class thereof is subject to redemption by the Trust at the net asset value per share of that series or class next calculated: (1) after the Trustees determine, in their sole discretion, that failure to so redeem may have materially adverse consequences to any holders of Trust shares, or any series of class thereof or the applicable Fund or Fund class, or (2) upon such other conditions as may from time to time be determined by the Trustees and set forth in the then current Prospectus of the Trust with respect to maintenance of shareholder accounts of a minimum amount..

## D. Termination or Reorganization

**Termination.** The Trust may be terminated at any time by an instrument executed by a majority of the Trustees then in office upon prior written notice to the Trust's shareholders. Any series or class may be terminated at any time by an instrument executed by a majority of the Trustees upon prior written notice to the shareholders of that series or class.

**Reorganization.** The Trustees may sell, convey and transfer the assets of the Trust, or the assets belonging to any one or more series, to another trust, partnership, association or corporation organized under the laws of any state of the United States, or to the Trust to be held as assets belonging to another series of the Trust, in exchange for cash, shares or other securities (including, in the case of a transfer to another series of the Trust, shares of such other series) with such transfer being made subject to, or with the assumption by the transferee of, the liabilities belonging to each series the assets of which are being transferred. If required by the 1940 Act, any such transfer shall be subject to approval of the shareholders of the affected series.

In case of any liquidation of a series or class, the holders of shares of the series or class being liquidated will be entitled to receive as a class a distribution out of the assets, net of the liabilities, belonging to that series or class.

## ADDITIONAL INFORMATION ABOUT FUND INVESTMENTS AND RISK CONSIDERATIONS

This section contains additional information regarding some of the investments the Funds may make and some of the techniques they may use.

### A. American Depositary Receipts

Each Fund may gain exposure to foreign securities by purchasing American Depositary Receipts ("ADRs"). Investments in ADRs are subject to many of the same risks that are associated with direct investments in securities of foreign issuers (see, "Foreign Securities" below).

Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities markets. ADRs are receipts typically issued by a U.S. bank or trust company and evidence the right to receive securities of foreign issuers deposited in that U.S. bank. For purposes of each Fund's investment policies, ADRs are deemed to be foreign securities and shall have the same classification as the underlying securities they represent. For example, an ADR representing ownership of common stock will be treated as common stock.

Depository receipt facilities may be established as either "unsponsored" or "sponsored." While depository receipts issued under these two types of facilities are in some respects similar, there are distinctions between them relating to the rights and obligations of depository receipt holders and the practices of market participants. A depository may establish an unsponsored facility without participation by (or even necessarily the permission of) the issuer of the deposited securities, although typically the depository requests a letter of non-objection from such issuer prior to the establishment of the facility. Holders of unsponsored depository receipts generally bear all the costs of such facility. The depository usually charges fees upon the deposit and withdrawal of the deposited securities, the conversion of dividends into U.S. dollars, the disposition of non-cash distributions, and the performance of other services. The depository of an unsponsored facility frequently is under no obligation to pass through voting rights to depository

receipt holders in respect of the deposited securities. In addition, an unsponsored facility is generally not obligated to distribute communications received from the issuer of the deposited securities or to disclose material information about such issuer in the U.S. and there may not be a correlation between such information and the market value of the depository receipts.

Sponsored depository receipt facilities are created in generally the same manner as unsponsored facilities, except that the issuer of the deposited securities enters into a deposit agreement with the depository. The deposit agreement sets out the rights and responsibilities of the issuer, the depository, and the depository receipt holders. With sponsored facilities, the issuer of the deposited securities generally will bear some of the costs relating to the facility (such as dividend payment fees of the depository) although depository receipt holders continue to bear certain other costs (such as deposit and withdrawal fees). Under the terms of most sponsored arrangements, depositories agree to distribute notices of shareholder meetings and voting instructions, and to provide shareholder communications and other information to the depository receipt holders at the request of the issuer of the deposited securities.

Depository receipts do not eliminate all of the risks associated with directly investing in the securities of foreign issuers. However, by investing in ADRs rather than directly in equity securities of foreign issuers, the Fund will avoid currency risks during the settlement period for either purchases or sales. Investing in securities of foreign companies involves certain considerations and risks that are not typically associated with investing in securities of U.S. domestic. There may be less publicly available information about a foreign issuer than a domestic one, and foreign companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. There may also be less government supervision and regulation of foreign companies than exists in the United States. Interest and dividends paid by foreign issuers may be subject to withholding and other foreign taxes, which may decrease the net return on such investments. Political, economic or social instability or diplomatic developments may affect the value of the underlying foreign securities and consequently the price of the ADR.

Changes in the exchange rate of the local currency in which the underlying securities are valued versus the U.S. Dollar will affect the value of the ADR. If the exchange rate goes down, the value of the ADR will decrease. If the exchange rate does up, the value of the ADR will increase.

## **B. Common Stock**

Each Fund may invest in common stock. Common Stock is a type of equity security which represents an ownership interest in a corporation (including real estate investment trusts (“REITs”) discussed below) and the right to a portion of the assets of the corporation in the event of liquidation. This right, however, is subordinate to that of preferred stockholders and any creditors, including holders of debt issued by a corporation. Owners of common stock are generally entitled to vote on important matters. A corporation may pay dividends on common stock.

## **C. Foreign Securities**

Each Fund may invest in equity securities of foreign companies that trade in the U.S. Foreign investments may be affected favorably or unfavorably by changes in currency rates. There may be less publicly available information about a foreign company than about a U.S. company, and foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. There may be less governmental supervision of issuers of securities. Securities of some foreign companies are less liquid or more volatile than securities of U.S. companies. Investments in foreign securities may also be subject to other risks different from those affecting U.S. companies, including local political or economic developments, expropriation or nationalization of assets, imposition of withholding taxes on dividend or interest payments, and difficulty in enforcing legal rights outside the United States.

## **D. Limited Partnerships**

Each Fund may invest in limited partnerships that are not MLPs. The risks of investing in publicly traded limited partnerships that are not MLPs are generally the same as the risks of investing in the common stock of a corporation and the risks of investing in MLPs with the exception that MLPs often face additional risks inherent to investments in the energy industry and MLPs may be subject to additional qualification requirements under the IRC. In addition, many publicly traded limited partnerships that are not MLPs are treated as a corporation for tax purposes.

## **E. Other Investment Companies**

Each Fund may invest in shares of other investment companies, including exchange-traded funds (“ETFs”). Yield-Focus Equity Fund may also invest in shares of business development companies (“BDCs”). BDCs are publicly-traded closed-end funds that seek capital appreciation and income by investing in smaller companies during their initial stages of development.

When a Fund invests in another investment company, the Fund indirectly will bear its proportionate share of any fees and expenses payable directly by the underlying fund. Therefore, a Fund will incur higher expenses, many of which may be duplicative to those paid the Fund. In addition, a Fund may be affected by losses of the underlying funds and the level of risk arising from the investment practices of the underlying funds (such as the use of leverage by the funds). A Fund has no control over the investments and related risks taken by the underlying funds in which it invests. Because a Fund is not required to hold shares of underlying funds for any minimum period, it may be subject to, and may have to pay, short-term redemption fees imposed by the underlying funds.

In addition to risks generally associated with investments in investment company securities, ETFs and BDCs are subject to the following risks that do not apply to traditional mutual funds: (1) shares may trade at a market price that is above or below its net asset value; (2) an active trading market for shares may not develop or be maintained; (3) the ETF or BDC may employ an investment strategy that utilizes high leverage ratios; or (4) trading of shares may be halted if the listing exchange’s officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide “circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally.

The structure of a closed-end fund poses additional risks to those that are involved when investing in most mutual funds and ETFs. For example, most closed-end funds leverage a higher percentage of their assets (that is, using borrowed money to buy additional assets). Leveraging can provide higher yields and potentially higher returns for closed-end fund investors, but it also increases overall risk and the volatility of the investment. Unlike mutual funds and ETFs, closed-end fund shares generally are not redeemable. Closed-end funds generally sell a fixed number of shares at one time (in the initial public offering), after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the Nasdaq Stock Market. A closed-end fund is not required to buy its shares back from investors upon request. By comparison, mutual funds and ETFs issue securities redeemable at net asset value at the option of the shareholder (ETF shares are redeemable in large blocks) and typically engage in a continuous offering of their shares.

## **F. Preferred Stock**

The Yield-Focus Equity Fund may invest in convertible and non-convertible preferred stock. Preferred stock has a preference in liquidation (and, generally dividends) over common stock but is subordinated in liquidation to debt. As a general rule the market value of preferred stocks with fixed dividend rates and no conversion rights varies inversely with interest rates and perceived credit risk, with the price determined by the dividend rate. Some preferred stocks are convertible into other securities, (for example, common stock) at a fixed price and ratio or upon the occurrence of certain events. The market price of convertible preferred stocks generally reflects an element of conversion value. Because many preferred stocks lack a fixed maturity date, these securities generally fluctuate substantially in value when interest rates change; such fluctuations often exceed those of long-term bonds of the same issuer. Some preferred stocks pay an adjustable dividend that may be based on an index, formula, auction procedure or other dividend rate reset mechanism. In the absence of credit deterioration, adjustable rate preferred stocks tend to have more stable market values than fixed rate preferred stocks. All preferred stocks are also subject to the same types of credit risks of the issuer as corporate bonds. In addition, because preferred stock is junior to debt securities and other obligations of an issuer, deterioration in the credit rating of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar yield characteristics. Preferred stocks may be rated by Standard & Poor’s Ratings Group (“S&P”) and Moody’s Investors Services, Inc. (“Moody’s”) although there is no minimum rating which a preferred stock must have (and a preferred stock may not be rated) to be an eligible investment for the Fund. The Adviser expects, however, that generally the preferred stocks

in which the Fund invests will be rated at least BB by S&P or Ba2 by Moody's or, if unrated, of comparable quality in the opinion of the Adviser. Preferred stocks rated BB by S&P and Ba by Moody's (Moody's may subdivide rating categories further by adding a numerical designation) are regarded as predominantly speculative. Preferred stocks that are rated BBB- and above by S&P are considered investment grade of varying degrees while preferred stocks rated baa to a by Moody's are considered medium grade preferred stocks while those rated aa and a are considered to be high grade and top quality preferred stocks, respectively.

### **G. Real Estate Investment Trusts ("REITs")**

A REIT is a corporation or business trust that invests substantially all of its assets in interests in real estate. Equity REITs are those which purchase or lease land and buildings and generate income primarily from rental income. Equity REITs may also realize capital gains (or losses) when selling property that has appreciated (or depreciated) in value. Mortgage REITs invest in real estate mortgages and derive income primarily from interest payments. Hybrid REITs have characteristics of both Equity REITs and Mortgage REITs.

Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended. REITs are dependent upon management skills, are not diversified, are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs are also subject to the possibilities of failing to qualify for tax-free pass-through of income under the U.S. Internal Revenue Code and failing to maintain their exemptions from registration under the 1940 Act. REITs (especially mortgage REITs) are also subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed rate obligations can be expected to decline. In contrast, as interest rates on adjustable rate mortgage loans are reset periodically, yields on a REIT's investment in such loans will gradually align to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations.

Mortgage REITs are subject to certain additional risks. Rising interest rates tend to extend the duration of the mortgage securities in which they invest, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, these securities may exhibit additional volatility. In addition, mortgage securities are subject to prepayment risk, which is the risk that when interest rates decline or are low but are expected to rise, borrowers may pay off their debts sooner than expected. This can reduce the returns of Mortgage REITs because the Fund will have to reinvest such prepaid funds at the lower prevailing interest rates. Mortgage securities are also subject to risk of default on the underlying mortgage or assets, particularly during periods of economic downturn.

Investing in REITs involves risks similar to those associated with investing in small capitalization companies. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities.

### **H. Borrowing**

Each Fund maintains a line of credit with the Trust's custodian and may borrow up to 5% of its total assets on a temporary or emergency basis. Each Fund currently intends to use the line of credit to fund shareholder redemptions on an as needed basis.

Each Fund may also borrow money for other than temporary or emergency purposes from any bank in amounts up to 33 1/3% of total assets at the time of borrowing. If a Fund is able to realize a net return on its investment portfolio that is higher than the interest expense incurred from borrowing, the Fund's use of leverage will result in a higher rate of return than if the Fund were not leveraged. Changes in interest rates and related economic factors could cause the relationship between the cost of borrowing and the yield to change so that rates involved in the borrowing arrangement may substantially increase relative to the yield on the obligations in which the proceeds of the borrowing have been invested. To the extent that the interest expense involved in borrowing approaches the net return on a Fund's investment portfolio, the benefit of leveraging will be reduced, and, if the interest expense incurred as a result of leveraging on borrowings were to exceed the net return to investors, the Fund's use of leverage would result in a lower rate of return than if the Fund were not leveraged. In an extreme case, if a Fund's current investment income were not sufficient to meet the interest expense of leveraging, it could be necessary for the Fund to liquidate certain of its investments at an inappropriate time.

## **I. Temporary Defensive Position**

From time to time, a Fund may take temporary defensive positions that are inconsistent with the Fund's principal investment strategies, in attempting to respond to adverse market, economic, political or other conditions. For example, a Fund may hold all or a portion of its assets in cash, money market mutual funds, investment grade short-term money market instruments, U.S. Government and agency securities, commercial paper, certificates of deposit, repurchase agreements and other cash equivalents.

To the extent consistent with its 80% Policy, a Fund also may invest in such instruments at any time to maintain liquidity or pending selection of investments in accordance with its investment strategies. As a result of engaging in these temporary measures, the Fund may not achieve its investment objective. The investment objective of a Fund may be changed immediately upon notice to shareholders without shareholder approval.

**Certificates of Deposit.** Each Fund may invest in certificates of deposit issued by national banks and state banks, trust companies and mutual savings banks, or banks or institutions the accounts of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Certificates of deposit are negotiable certificates evidencing the indebtedness of a commercial bank to repay funds deposited with it for a definite period of time (usually from fourteen days to one year) at a stated or variable interest rate.

**Commercial Paper.** Each Fund may purchase commercial paper. Commercial paper consists of short-term (usually from one to two hundred seventy days) unsecured promissory notes issued by corporations in order to finance their current operations. The Fund will only invest in commercial paper rated A-1 or A-2 by Standard & Poor's Ratings Group ("S&P") or Prime-1 or Prime-2 by Moody's Investors Service, Inc. ("Moody's") or which, in the opinion of the Adviser, is of equivalent investment quality. Certain notes may have floating or variable rates. Unless deemed liquid by the Adviser variable and floating rate notes with a demand notice period exceeding seven days generally are considered illiquid and, therefore, subject to the Trust's prohibition on illiquid investments (see "Investment Limitations" below).

Commercial paper rated A-1 (highest quality) by S&P has the following characteristics: liquidity ratios are adequate to meet cash requirements; long-term senior debt is rated "A" or better, although in some cases "BBB" credits may be allowed; the issuer has access to at least two additional channels of borrowing; basic earnings and cash flow have an upward trend with allowance made for unusual circumstances; typically, the issuer's industry is well established and the issuer has a strong position within the industry; and the reliability and quality of management are unquestioned. The relative strength or weakness of the above factors determines whether the issuer's commercial paper is rated A-1 or A-2.

The rating of Prime-1 is the highest commercial paper rating assigned by Moody's. Among the factors considered by Moody's in assigning ratings are the following: evaluation of the management of the issuer; economic evaluation of the issuer's industry or industries and an appraisal of speculative-type risks which may be inherent in certain areas; evaluation of the issuer's products in relation to competition and customer acceptance; liquidity; amount and quality of long-term debt; trend of earnings over a period of 10 years; financial strength of the parent company and the relationships which exist with the issuer; and recognition by the management of obligations which may be present or may arise as a result of public interest questions and preparations to meet such obligations. These factors are all considered in determining whether the commercial paper is rated Prime-1 or Prime-2.

**Repurchase Agreements.** Each Fund may enter into repurchase agreements which are transactions in which the Fund purchases a security and simultaneously agrees to resell that security to the seller at an agreed upon price on an agreed upon future date, normally, one to seven days later. If a Fund enters into a repurchase agreement, it will maintain possession of the purchased securities and any underlying collateral. For purposes of the 1940 Act, a repurchase agreement is deemed to be a loan from a Fund to the seller of the U.S. government security subject to the repurchase agreement. Repurchase agreements are not considered to be the making of loans for purposes of a Fund's fundamental investment limitations.

Repurchase transactions also involve credit risk. Credit risk is the risk that a counter-party to a transaction will be unable to honor its financial obligation. In the event that bankruptcy, insolvency or similar proceedings are commenced against a counter-party, the Fund may have difficulties in exercising its rights to the underlying securities or currencies, as applicable. A Fund may incur costs and expensive time delays in disposing of the underlying securities and it may suffer a loss of principal or a decline in interest payments regarding affected securities. Failure by the other party to deliver a security or currency purchased by the Fund may result in a missed opportunity to make an alternative investment. Favorable insolvency laws that allow a Fund, among other things, to liquidate the collateral held in the event of the bankruptcy of the counter-party reduce counter-party insolvency risk.

**U.S. Government Securities.** U.S. Government Securities include securities which are issued or guaranteed by the United States Treasury, by various agencies of the United States Government, and by various instrumentalities which have been established or sponsored by the United States Government. U.S. Treasury obligations are backed by the “full faith and credit” of the United States Government. U.S. Treasury obligations include Treasury bills, Treasury notes, and Treasury bonds. U.S. Treasury obligations also include the separate principal and interest components of U.S. Treasury obligations which are traded under the Separate Trading of Registered Interest and Principal of Securities (“STRIPS”) program.

Agencies or instrumentalities established by the United States Government include the Federal Home Loan Banks, the Federal Land Bank, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Small Business Administration, the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Financing Bank, the Federal Farm Credit Banks, the Federal Agricultural Mortgage Corporation, the Resolution Funding Corporation, the Financing Corporation of America and the Tennessee Valley Authority. Some of these securities are supported by the full faith and credit of the United States Government while others are supported only by the credit of the agency or instrumentality, which may include the right of the issuer to borrow from the United States Treasury. In the case of securities not backed by the full faith and credit of the United States, the investor must look principally to the agency issuing or guaranteeing the obligation for ultimate repayment, and may not be able to assert a claim against the United States in the event the agency or instrumentality does not meet its commitments. Shares of the Funds are not guaranteed or backed by the United States Government.

STRIPS are U.S. Treasury bills, notes and bonds that have been issued without interest coupons or stripped of their unmatured interest coupons, interest coupons that have been stripped from such U.S. Treasury securities, and receipts or certificates representing interests in such stripped U.S. Treasury securities and coupons. A STRIP security pays no interest in cash to its holder during its life although interest is accrued for federal income tax purposes. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value. Investing in STRIPS may help to preserve capital during periods of declining interest rates.

STRIPS do not entitle the holder to any periodic payments of interest prior to maturity. Accordingly, such securities usually trade at a deep discount from their face or par value and will be subject to greater fluctuations of market value in response to changing interest rates than debt obligations of comparable maturities which make periodic distributions of interest. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, STRIPS eliminate the reinvestment risk and lock in a rate of return to maturity. Current federal tax law requires that a holder of a STRIP security accrue a portion of the discount at which the security was purchased as income each year even though the Fund received no interest payment in cash on the security during the year.

## **J. Exchange Traded Notes**

The Funds may invest in Exchange Traded Notes (“ETNs”). An ETN is a type of unsecured, unsubordinated debt security that differs from other types of bonds and notes because ETN returns are typically based upon the performance of a market index. The value of an ETN will vary and will be influenced by its time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying securities, currency and commodities markets as well as changes in the applicable interest rates, changes in the issuer’s credit rating, and economic, legal, political, or geographic events that affect the referenced index. While ETNs are publicly traded on a U.S. securities exchange, a trading market may not develop limiting liquidity and adversely affecting the market

value of the ETN. An ETN incurs certain expenses not incurred by its applicable index, and an investment in an ETN will bear its proportionate share of any fees and expenses borne by the ETN. The market value of an ETN share may differ from its NAV; the share may trade at a premium or discount to its NAV, which may be due to, among other things, differences in the supply and demand in the market for the share. Although an ETN is a debt security, it is unlike a typical bond in that there are no periodic interest payments and principal is not protected. ETNs are subject to credit risk and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark or strategy remaining unchanged.

#### **K. Additional Disclosures**

Each Fund has filed a notice with the National Futures Association claiming exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act (the "Act") and therefore each Fund is not subject to registration or regulation as a commodity pool operator under the Act.

#### **L. Cybersecurity Risk**

Each Fund and its service providers may be subject to operational and information security risks resulting from breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause a Fund to lose or compromise confidential information, suffer data corruption or lose operational capacity. Breaches in cybersecurity include, among other things, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, preventing legitimate users from accessing information or services on a website, or various other operational disruptions. Successful cybersecurity breaches of each Fund and/or each Fund's investment adviser, distributor, custodian, the transfer agent or other third party services providers may adversely impact the Fund and its shareholders. For instance, a successful cybersecurity breach may interfere with the processing of shareholder transactions, cause the release of private personal shareholder information, impede trading, subject a Fund to regulatory fines, penalties or financial losses, additional compliance costs, and/or cause reputational damage. Each Fund relies on third-party service providers for many of the day-to-day operations, and is therefore subject to the risk that the protections and protocols implemented by those service providers will be ineffective in protecting the Funds from cybersecurity breaches. Similar types of cybersecurity risks are also present for issuers of securities in which each Fund may invest, which could result in material adverse consequences for such issuers and may cause each Fund's investments in such companies to lose value. Cybersecurity and information security issues can result in material adverse consequences to each Fund and its shareholders. While each Fund's service providers have adopted plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. There is no guarantee a Fund will be successful in protecting against cybersecurity breaches.

### **INVESTMENT LIMITATIONS**

#### **A. Fundamental Limitations**

The investment limitations described below have been adopted by the Trust with respect to each Fund and are fundamental ("Fundamental"), *i.e.*, they may not be changed without the affirmative vote of a majority of the outstanding shares of the applicable Fund. As used in the Prospectus and this SAI, the term "majority of the outstanding shares" of a Fund means the lesser of (1) 67% or more of the outstanding shares of the Fund present at a meeting, if the holders of more than 50% of the outstanding shares of the Fund are present or represented at such meeting; or (2) more than 50% of the outstanding shares of the Fund. Other investment practices which may be changed by the Board without the approval of shareholders to the extent permitted by applicable law, regulation or regulatory policy are considered non-fundamental ("Non-Fundamental").

**Borrowing Money.** No Fund will not borrow money, except (a) from a bank, provided that immediately after such borrowing there is an asset coverage of 300% for all borrowings of the Fund; or (b) from a bank or other persons for temporary purposes only, provided that such temporary borrowings are in an amount not exceeding 5% of the Fund's total assets at the time when the borrowing is made. This limitation does not preclude a Fund from entering into reverse repurchase transactions, provided that the Fund has an asset coverage of 300% for all borrowings and repurchase commitments of the Fund pursuant to reverse repurchase transactions.

**Senior Securities.** No Fund will issue senior securities. This limitation is not applicable to activities that may be deemed to involve the issuance or sale of a senior security by a Fund, provided that the Fund's engagement in such activities is consistent with or permitted by the 1940 Act, the rules and regulations promulgated thereunder or interpretations of the SEC or its staff.

**Underwriting.** No Fund will act as underwriter of securities issued by other persons. This limitation is not applicable to the extent that, in connection with the disposition of portfolio securities (including restricted securities), a Fund may be deemed an underwriter under certain federal securities laws.

**Real Estate.** No Fund will purchase or sell real estate. This limitation is not applicable to investments in marketable securities which are secured by or represent interests in real estate. This limitation does not preclude a Fund from investing in mortgage-related securities or investing in companies engaged in the real estate business or that have a significant portion of their assets in real estate (including REITs).

**Commodities.** No Fund will purchase or sell commodities unless acquired as a result of ownership of securities or other investments. This limitation does not preclude a Fund from purchasing or selling options or futures contracts, including commodities futures contracts, from investing in securities or other instruments backed by commodities or from investing in companies which are engaged in a commodities business or have a significant portion of their assets in commodities.

**Loans.** No Fund will make loans to other persons, except (a) by loaning portfolio securities, (b) by engaging in repurchase agreements, or (c) by purchasing non-publicly offered debt securities. For purposes of this limitation, the term "loans" shall not include the purchase of a portion of an issue of publicly distributed bonds, debentures or other securities.

**Concentration.** No Fund will invest 25% or more of its total assets in a particular industry. This limitation is not applicable to investments in obligations issued or guaranteed by the U.S. Government, its agencies and instrumentalities or repurchase agreements with respect thereto.

**Diversification.** With respect to 75% of its total assets, no Fund will purchase securities issued by any one issuer (other than cash, cash items, securities issued or guaranteed by the government of the United States or its agencies or instrumentalities, or securities of other investment companies) if, as a result at the time of such purchase, more than 5% of the value of the Fund's total assets would be invested in the securities of that issuer, or if it would own more than 10% of the outstanding voting securities of that issuer.

With respect to the percentages adopted by the Trust as maximum limitations on each Fund's investment policies and limitations, an excess above the fixed percentage will not be a violation of the policy or limitation unless the excess results immediately and directly from the acquisition of any security or the action taken. This paragraph does not apply to the borrowing policy set forth above.

If a Fund's borrowings exceed one-third of its total assets (including the amount borrowed) less liabilities (other than borrowings), such borrowings will be reduced within three days, (not including Sundays and holidays) or such longer period as may be permitted by the 1940 Act, to the extent necessary to comply with the one-third limitation.

Notwithstanding any of the foregoing limitations, any investment company, whether organized as a trust, association or corporation, or a personal holding company, may be merged or consolidated with or acquired by the Trust, provided that if such merger, consolidation or acquisition results in an investment in the securities of any issuer prohibited by said paragraphs, the Trust shall, within ninety days after the consummation of such merger, consolidation or acquisition, dispose of all of the securities of such issuer so acquired or such portion thereof as shall bring the total investment therein within the limitations imposed by said paragraphs above as of the date of consummation.



## **B. Non-Fundamental**

The following limitations have been adopted by the Trust with respect to the Funds and are Non-Fundamental (see “Investment Limitations—Fundamental” above).

**Pledging.** No Fund will mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any assets of the Fund except as may be necessary in connection with borrowings described in limitation (1) above. Margin deposits, security interests, liens and collateral arrangements with respect to transactions involving options, futures contracts, short sales and other permitted investments and techniques are not deemed to be a mortgage, pledge or hypothecation of assets for purposes of this limitation.

**Borrowing.** No Fund will purchase any security while borrowings (including reverse repurchase agreements) representing more than 5% of its total assets are outstanding.

**Illiquid Securities.** No Fund will invest greater than 15% of its net assets in illiquid or restricted securities.

**Name Rule.** Under normal circumstances, each Fund will invest at least 80% of its net assets (including borrowings for investment purposes, if any) in equity securities. Each of these Funds may invest in the applicable securities directly, or indirectly through other investment companies (including exchange-traded funds) that invest primarily in such securities. This investment policy may not be changed by a Fund without at least 60 days’ prior written notice in plain English to its shareholders.

## **INVESTMENT MANAGEMENT**

### **A. General Information**

Meritage Portfolio Management, Inc., 7500 College Boulevard, Suite 1212, Overland Park, Kansas, 66210 serves as the Funds’ investment adviser. Each of Mark E. Eveans and James M. Klein may be deemed to control the Adviser due to their respective ownership of more than 25% of the Adviser’s stock.

### **B. Investment Advisory Agreement**

Under the terms of the Investment Advisory Agreement with the Trust, the Adviser is primarily responsible for managing the Funds’ investments and providing a continuous investment program for the Funds, subject to the supervision of the Board. Each Fund pays the Adviser a fee computed and accrued daily and paid monthly at an annual rate of 0.75% of average daily net assets of the Fund. The fee, if not waived, is assessed to each Fund class based on average daily net assets for the prior month.

The Adviser has contractually agreed to waive its management fee and/or reimburse expenses so that total annual operating expenses (excluding (i) interest; (ii) taxes; (iii) brokerage fees and commissions; (iv) other extraordinary expenses not incurred in the ordinary course of the Fund’s business; (v) dividend expenses on short sales; (vi) indirect expenses such as acquired fund fees and expenses; and (vii) expenses incurred under a Rule 12b-1 plan of distribution) do not exceed 1.00% of each Fund’s average daily net assets through December 31, 2018 (“Expense Limitation Agreement”). During any fiscal year that the Investment Advisory Agreement between the Adviser and Capitol Series Trust is in effect, the Adviser may recoup the sum of all fees previously waived or expenses reimbursed during any of the previous 36 months, less any reimbursement previously paid, if such recoupment can be achieved within the Expense Limitation Agreement currently in effect as well as the Expense Limitation Agreement in place when the waiver/reimbursement occurred. The Expense Limitation Agreement may be terminated by the Board of Trustees (the “Board”) at any time.

For the fiscal year ended August 31, 2017, the fees for each Fund payable to the Adviser, the reductions attributable to contractual fee waivers and the net fees paid (reimbursed) with respect to the Funds were as follows:

<u>Fund</u>	<u>Gross Advisory Fees</u>	<u>Reduction in Fee</u>	<u>Net Fee Paid</u>
Growth Equity Fund	\$ 150,353 <sup>(1)</sup>	\$ (110,633)	\$ 39,720 <sup>(1)</sup>
Value Equity Fund	\$ 108,026 <sup>(1)</sup>	\$ (98,784)	\$ 9,242 <sup>(1)</sup>
Yield-Focus Equity Fund	\$ 242,188 <sup>(1)</sup>	\$ (152,868)	\$ 89,320 <sup>(1)</sup>

(1) 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.

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 continuation of the Investment Advisory Agreement was approved for an additional one-year period by the Board, including a majority of Trustees who are not “interested persons” of the Trust, as that term is defined under the 1940 Act, or interested parties to the Agreement (collectively, the “Independent Trustees” and, each an “Independent Trustee”), at an in-person meeting held on September 21, 2017. A discussion of the factors that the Board considered in approving the Investment Advisory Agreement will be included in the Funds’ Semi-Annual Report to shareholders for the fiscal period ended February 28, 2018.

If the Adviser ceases to act as investment adviser to any Fund or, if the Adviser requests in writing, the Trust shall take prompt action to change the name of any Fund to a name that does not include the term “Meritage.”

### C. Payments to Financial Institutions

The Adviser may pay certain financial institutions (which may include banks, broker-dealers and other industry professionals) a fee for providing distribution related services and/or for performing certain administrative servicing functions for Fund shareholders to the extent these institutions are allowed to do so by applicable statute, rule or regulation. These financial institutions may charge their customers fees for offering these services to the extent permitted by applicable regulatory authorities, and the overall return to those shareholders availing themselves of these services will be lower than to those shareholders who do not. Each Fund may from time to time purchase securities issued by financial institutions that provide such services; however, in selecting investments for the Fund, no preference will be shown for such securities.

### D. The Portfolio Managers

**Other Accountants Managed By Portfolio Managers.** The Adviser’s growth equity, value equity, and yield-focus strategy teams develop and execute the investment programs of Growth Equity Fund, Value Equity Fund, and Yield-Focus Equity Fund. Adviser personnel that comprise these teams are as follows:

<b>Growth Equity Fund</b>	<b>Value Equity Fund</b>	<b>Yield-Focus Equity Fund</b>
Leonard C. Mitchell, CFA	Mark E. Eveans, CFA	Clint W. Anderson, CFA
Sharon L. Divine, CFA	Sharon L. Divine, CFA	Mark E. Eveans, CFA
John M. Wallis, CFA	John M. Wallis, CFA	Sharon L. Divine, CFA
		John M. Wallis, CFA

The table below identifies, for each investment team member of a Fund, the number of accounts managed (excluding the Funds) and the total assets in such accounts, within each of the following categories: other pooled investment vehicles and other accounts. The Funds’ investment team members do not manage any other registered investment companies or any accounts with performance-based advisory fees. Information in the table is shown as of August 31, 2017. Asset amounts are approximate and have been rounded.

<u>Team Member</u>	<u>Pooled Investment Vehicles</u>		<u>Other Accounts</u>	
	<u>Number</u>	<u>Market Value</u>	<u>Number</u>	<u>Market Value</u>
Clint W. Anderson, CFA	1	3,758,282	244	201,800,799
Sharon L. Divine, CFA	5	81,954,837	928	789,775,143
Mark. E. Eveans, CFA	3	32,951,943	579	435,206,012
Leonard C. Mitchell, CFA	2	45,244,612	349	354,569,131
John M. Wallis, CFA	5	81,954,837	928	789,775,143

**Compensation.** Each strategy team member receives a fixed cash salary. The salary is based upon overall experience, job responsibilities and competitive market rates. Each team member is also eligible to receive an annual discretionary cash bonus. Bonuses are not based on the performance of any Fund or any other account, but are paid each year out of a pool comprised of the excess of aggregate revenues from all sources, less aggregate expenses, and are based on the Adviser’s evaluation of a team member’s overall contribution to the day-to-day operations of the Adviser. Each team member who has been employed for at least one year by the Adviser and meets other eligibility requirements is able to participate in the Adviser’s 401(k)/Profit Sharing Plan. Each team member’s entire compensation package is paid by the Adviser and not by any client account. A team member who is also an equity interest owner of the Adviser also received a percentage of the Adviser’s profits based on his/her equity interest.

**Ownership of Fund Shares.** As of August 31, 2017, each portfolio manager that retained decision making authority over a Fund’s management beneficially owned shares of each Fund as summarized in the following table:

<u>Fund/Strategy Team Member</u>	<u>Dollar Range of Beneficial Ownership in the Corresponding Fund as of August 31, 2017</u>
<b>Growth Equity Fund</b>	
Leonard C. Mitchell, CFA	Over \$100,000
Sharon L. Divine, CFA	Over \$100,000
John M. Wallis, CFA	Over \$100,000
<b>Value Equity Fund</b>	
Mark E. Eveans, CFA	Over \$100,000
Sharon L. Divine, CFA	Over \$100,000
John M. Wallis, CFA	Over \$100,000
<b>Yield-Focus Equity Fund</b>	
Clint W. Anderson, CFA	Over \$100,000
Mark E. Eveans, CFA	Over \$100,000
Sharon L. Divine, CFA	Over \$100,000
John M. Wallis, CFA	\$50,001 - \$100,000

**Potential Conflicts of Interest.** As a general matter, certain actual or apparent conflicts of interest may arise in connection with a strategy team member’s management of a Fund’s investments, on the one hand, and the investments of other accounts for which the team member is responsible, on the other. For example, the management of multiple accounts may result in a team member devoting unequal time and attention to the management of each account. Although the Adviser does not track the time a team member spends on a single portfolio, it does periodically assess whether a team member has adequate time and resources to effectively manage all of the accounts for which he or she is responsible. Moreover, variances in advisory fees charged from account to account may create an incentive for a team member to devote more attention to those accounts that pay higher advisory fees. It is also possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another. Alternatively, to the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Other potential conflicts might include those relating to selection of brokers or dealers to execute Fund portfolio trades and/or specific uses of commissions from Fund portfolio trades (for example, research, or “soft dollars”).

The Adviser has adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures, which it believes address the conflicts associated with managing multiple accounts for multiple clients.

## TRUSTEES AND OFFICERS

### A. General Information

The Board supervises the business activities of the Trust and is responsible for protecting the interests of shareholders. The Chairman of the Board is Robert G. Dorsey, who is an “interested person” of the Trust (“Interested Trustee”), as that term is defined under the 1940 Act. No Independent Trustee has been designated as a lead Independent Trustee.

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 removal. Officers are re-elected annually by the Board. The address of each Trustee and officer is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246.

As of the date of this SAI, the Trustees oversee the operations of 10 series.

**Interested Trustee Background.** The following table provides information regarding the Interested Trustee.

<u>Name, Address, (Age), Position with Trust, Term of Position with Trust</u>	<u>Principal Occupation During Past 5 Years and Other Directorships</u>
<b>Robert G. Dorsey*</b> Age: 60 CHAIRMAN OF THE BOARD AND TRUSTEE Began Serving: March 2017	<b>Principal Occupation(s):</b> 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).  <b>Previous Position(s):</b> President of Ultimus Managers Trust (June 2012 to October 2013).

\* 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.

**Independent Trustee Background.** The following table provides information regarding the Independent Trustees.

<u>Name, Address, (Age), Position with Trust, Term of Position with Trust</u>	<u>Principal Occupation During Past 5 Years and Other Directorships</u>
<b>Walter B. Grimm</b> Age: 72 TRUSTEE Began Serving: November 2013	<b>Principal Occupations(s):</b> 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).
<b>Mary M. Morrow</b> Age: 59 TRUSTEE Began Serving: November 2013	<b>Principal Occupations(s):</b> Chief Operating Officer, Pennsylvania Health and Wellness (fully owned subsidiary of Centene Corporation) (November 2016 to present).  <b>Previous Position(s):</b> Vice President, Strategic Initiatives, Gateway Health (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).

**Officers.** The following table provides information regarding the Officers.

**Name, Address, (Age), Position with Trust,  
Term of Position with Trust**

**Matthew J. Miller**

Age: 41  
CHIEF EXECUTIVE OFFICER AND PRESIDENT  
Began Serving: September 2013

**Zachary P. Richmond**

Age: 37  
TREASURER AND CHIEF FINANCIAL OFFICER  
Began Serving: August 2014

**Brandon Kipp**

Age: 34  
CHIEF COMPLIANCE OFFICER  
Began Serving: October 2017

**Stephen L. Preston**

Age: 51  
ANTI-MONEY LAUNDERING OFFICER  
Began Serving: December 2016

**Stacey Havens**

Age: 51  
VICE PRESIDENT  
Began Serving: September 2013

**Principal Occupation During Past 5 Years  
and Other Directorships**

**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).

**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).

**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).

**Principal Occupation(s):** Senior Fund Compliance Officer, Ultimus Fund Solutions, LLC (since July 2017) and Chief Compliance Officer, Valued Advisers Trust (since October 2017).

**Previous Position(s):** Assistant Vice President and Compliance Manager, UMB Fund Services, Inc. (March 2014 to July 2017); Officer and Lead Fund Administrator, UMB Fund Services, Inc. (May 2012 to March 2014).

**Principal Occupation(s):** Chief Compliance Officer, Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC from June 2011 to present.

**Principal Occupation(s):** Assistant Vice President, Relationship Management, Ultimus Fund Solutions, LLC (December 2015 to present).

**Previous Position(s):** Vice President, Huntington Asset Services, Inc. (n/k/a Ultimus Asset Services, LLC) (July 1993 to December 2015).

**Name, Address, (Age), Position with Trust,  
Term of Position with Trust**

**Tiffany R. Franklin**

Age: 42

SECRETARY

Began Serving: December 2015

**Principal Occupation During Past 5 Years  
and Other Directorships**

**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).

**B. Qualifications of the Trustees**

In addition to the information provided above, below is a summary of the specific experience, qualifications, attributes or skills of each Trustee and the reason why he or she was selected to serve as Trustee:

**Mr. Robert G. Dorsey** – Mr. Dorsey is a co-founder of Ultimus Fund Solutions, LLC (“Ultimus”) and Ultimus Fund Distributors, LLC. He has served as President and Managing Director of both since their founding in 1999. He has over 30 years of experience in the mutual fund servicing industry. Mr. Dorsey holds a B.S. from Christian Brothers University and is a Certified Public Accountant (inactive). Mr. Dorsey has been a Trustee and Chairman of the Board since March 2017.

**Mr. Walter B. Grimm** – Mr. Grimm has over 20 years of experience in the financial services industry, including as a trustee of other mutual funds and as the head of Client Services and Relationship Management areas for a mutual fund servicing company. Mr. Grimm was selected to serve as Trustee of the Trust based primarily on his extensive knowledge of mutual fund operations.

**Ms. Mary M. Morrow** – Ms. Morrow has over 25 years of experience in customer service, processing operations, and systems implementation experience both in the managed care and financial services arenas. Prior to work in the managed care arena, Mr. Morrow served as the Vice President in charge of Business Applications for a large mutual fund company and as a Senior Vice President of Transfer Agency Operations for a mutual fund services provider. Ms. Morrow was selected to serve as a Trustee of the Trust based primarily on her significant corporate experience as well as her operational knowledge of mutual fund operations.

**C. Risk Management**

The overall management and affairs of the Trust are supervised by the Board. The Board consists of three individuals. The Trustees are fiduciaries and are governed by the laws of the State of Ohio in this regard. The Board establishes policies for the operation of the Trust and appoints the officers who conduct the daily business of the Trust. The Board provides oversight over the management and operations of the Trust. The day-to-day responsibility for the management and operation of the Trust is the responsibility of various officers and service providers to the Trust and its individual series, such as the Adviser, Distributor, administrator, custodian, and Transfer Agent, each of whom are discussed in greater detail in this SAI. The Board approves all significant agreements between the Trust and its service providers, including the agreements with the Adviser, Distributor, administrator, custodian and Transfer Agent. The Board has appointed various individuals of certain of these service providers as officers of the Trust, with responsibility to monitor and report to the Board on the Trust’s day-to-day

operations. In all cases, the role of the Board and of any individual Trustee is one of oversight and not of management of the day-to-day affairs of the Trust and its oversight role does not make the Board a guarantor of the Trust's investments, operations or activities.

The Board has structured itself in a manner that it believes allows it to effectively perform its oversight function. The Board is comprised of two Independent Trustees – Mr. Walter Grimm and Ms. Mary Morrow – and one Interested Trustee – Mr. Robert G. Dorsey. Accordingly, two-thirds of the members of the Board are Independent Trustees and are not affiliated with any investment adviser to the Trust or their respective affiliates or other service providers to the Trust or any Trust series. The Board has established three standing committees, an Audit Committee, a Nominating Committee and a Valuation Committee, which are discussed in greater detail below. Each of the Audit Committee, Nominating Committee and Valuation Committee are comprised entirely of Independent Trustees.

As part of its efforts to oversee risk management associated with the Trust, the Board has established the Audit Committee, the Nominating Committee and the Valuation Committee as described below:

- The Audit Committee consists of all of the Independent Trustees. The Audit Committee is responsible for overseeing the Trust's accounting and financial reporting policies and practices, internal controls and, as appropriate, the internal controls of certain service providers; overseeing the quality and objectivity of financial statements and the independent audits of the financial statements; and acting as a liaison between the independent auditors and the full Board.
- The Nominating Committee consists of all of the Independent Trustees. The Nominating Committee is responsible for identifying and nominating Trustee candidates to the full Board. The Nominating Committee will consider nominees recommended by shareholders. Recommendations should be submitted to the Nominating Committee in care of Capitol Series Trust.
- The Valuation Committee consists of all of the Independent Trustees. The Valuation Committee is responsible for reviewing and approving fair valuation determinations.

The Audit Committee generally meets at least annually. The Audit Committee reviews reports provided by administrative service providers, legal counsel and independent accountants. The Nominating Committee and Valuation Committee meet as needed. The Committees report directly to the Board. During the Funds' prior fiscal year ended August 31, 2017, the Audit Committee met five times, four of which involved matters relating to the Funds. During the Funds' prior fiscal year ended August 31, 2017, the Nominating Committee met one time and the Valuation Committee did not convene. The Board has determined that the function and composition of the Audit Committee and the Nominating Committee are appropriate means to address any potential conflicts of interest that may arise from the Chairman's status as an Interested Trustee. In addition, the inclusion of all Independent Trustees as members of the Audit Committee, Nominating Committee and Valuation Committee allow all such Trustees to participate in the full range of the Board's oversight duties, including oversight of risk management processes.

The Independent Trustees have engaged their own independent legal counsel to provide advice on regulatory, compliance and other topics. In addition, the Board has engaged on behalf of the Trust a full-time Chief Compliance Officer ("CCO") who is responsible for overseeing compliance risks. He reports to the Board at least quarterly any material compliance items that have arisen, and annually he provides to the Board a comprehensive compliance report outlining the effectiveness of compliance policies and procedures of the Trust and its service providers. As part of the CCO's risk oversight function, the CCO seeks to understand the risks inherent in the operations of the Trust's series and their advisers and sub-advisers. Periodically the CCO provides reports to the Board that:

- Assess the quality of the information the CCO receives from internal and external sources;
- Assess how Trust personnel monitor and evaluate risks;
- Assess the quality of the Trust's risk management procedures and the effectiveness of the Trust's organizational structure in implementing those procedures;
- Consider feedback from and provide feedback regarding critical risk issues to administrative and advisory personnel responsible for implementing risk management programs; and

- Consider economic, industry, and regulatory developments, and recommend changes to the Trust’s compliance programs as necessary to meet new regulations or industry developments.

The Trustees meet on a quarterly basis, typically for 1-2 days of meetings. Trustees also participate in special meetings and conference calls as needed. In addition to Board meetings, Trustees may participate in teleconferences to review and discuss 15(c) materials, and to interview advisers and sub-advisers whose contracts are up for renewal at the next regularly scheduled Board meeting. Legal counsel to the Trust provides quarterly reports to the Board regarding regulatory developments. On a quarterly basis, the Trustees review and discuss some or all of the following compliance and risk management reports relating to the series of the Trust:

- Fund Performance/Morningstar Report/Portfolio Manager’s Commentary
- Code of Ethics review
- NAV Errors, if any
- Distributor Compliance Reports
- Timeliness of SEC Filings
- Dividends and other Distributions
- List of Brokers, Brokerage Commissions Paid and Average Commission Rate
- Review of 12b-1 Payments
- Multiple Class Expense Reports
- Anti-Money Laundering/Customer Identification Reports
- Administrator and CCO Compliance Reports
- Market Timing Reports

From time to time, one or more members of the Board may also meet with Trust officers in less formal settings, between formal Board meetings to discuss various topics.

The Board has not adopted a formal diversity policy. When soliciting future nominees for Trustee, the Nominating Committee will make efforts to identify and solicit qualified minorities and women.

The Board reviews its structure regularly in light of the characteristics and circumstances of the Trust, including the number of funds that comprise the Trust; the variety of asset classes that those funds reflect; the net assets of the Trust; and the distribution arrangements the funds. At least annually, the Board conducts an assessment of the Board’s and their individual effectiveness in overseeing the Trust. Based upon its assessment, the Board determines whether additional risk assessment or monitoring processes are required with respect to the Trust or any of its service providers.

Based on the qualifications of each of the Trust’s Trustees and officers, the risk management practices adopted by the Board, including a regular review of several compliance and operational reports, and the committee structure adopted by the Board, the Trust believes that its leadership is appropriate.

#### **D. Trustee Ownership of Shares of a Fund and of the Fund Complex**

The following table provides information regarding shares of the Funds and other portfolios of the Trust owned by each Trustee as of December 31, 2016.

<b>Trustee</b>	<b>Dollar Range of a Funds’ Shares</b>	<b>Aggregate Dollar Range of Shares of All Series Within the Trust**</b>
<b>Interested Trustee</b>		
Robert G. Dorsey		
Growth Equity Fund	None	None
Value Equity Fund	None	None
Yield-Focus Equity Fund	None	None



<b>Independent Trustees</b>			
Walter B. Grimm			
Growth Equity Fund		None	None
Value Equity Fund		None	None
Yield-Focus Equity Fund		\$10,000 - \$50,000	\$10,000 - \$50,000
Mary M. Morrow			
Growth Equity Fund		None	None
Value Equity Fund		None	None
Yield-Focus Equity Fund		None	None

\*\* The Trust currently consists of 10 series.

Set forth below is the annual compensation paid to the Independent Trustees and by the Trust on an aggregate basis. No Interested Trustee or officer receives compensation from the Trust although all Trustee and officer travel expenses incurred to attend Board and committee meetings are reimbursed. Trustees' fees and Trustee and officer reimbursable travel expenses are Trust expenses and each Fund incurs its share of such expenses, which are allocated among the Funds in such manner as the Trustees determine to be fair and equitable.

<u>Trustee</u>	<u>Compensation from Growth Equity Fund</u>	<u>Compensation from Value Equity Fund</u>	<u>Compensation from Yield-Focus Equity Fund</u>	<u>Total Compensation From Trust</u>
<b>Interested Trustee</b>				
Robert G. Dorsey	None	None	None	None
<b>Independent Trustees</b>				
Walter B. Grimm	\$ 1,367.63	\$ 1,367.63	\$ 1,367.63	\$ 13,450
Mary M. Morrow	\$ 1,367.63	\$ 1,367.63	\$ 1,367.63	\$ 13,450

#### **CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES**

As of December 1, 2017, the Trustees and officers of the Trust in the aggregate owned less than 1% of the outstanding shares of each Fund and each Fund class.

As of December 1, 2017, certain shareholders of record owned 5% or more of a Fund class. These shareholders and any shareholder known by the Fund to own 5% or more of the Fund class are listed in the table below. Unless otherwise indicated below, the Trust has no knowledge as to whether all or any portion of the shares owned of record are also owned beneficially.

<u>5% Shareholders</u>	<u>Name and Address</u>	<u>Shares</u>	<u>% of Class</u>
<b>Growth Equity Fund</b>			
<b>Institutional Shares</b>	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	771,695.263	46.62%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	481,886.799	29.11%

<b>5% Shareholders</b>	<b>Name and Address</b>	<b>Shares</b>	<b>% of Class</b>
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	337,087.760	20.36%
<b>Investor Shares</b>	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	7,724,752.308	43.97%
	TD Ameritrade Inc. for the Exclusive Benefit of our Clients PO BOX 2226 Omaha, NE 68103-2226	5,686.744	32.37%
<b>Value Equity Fund</b>			
<b>Institutional Shares</b>	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	590,752.290	44.96%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	486,740.284	35.68%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	213,596.854	16.26%
<b>Yield-Focus Equity Fund</b>			
<b>Institutional Shares</b>	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	784,775.633	31.56%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	203,380.260	8.18%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	1,322,292.115	53.17%

<b>5% Shareholders</b>	<b>Name and Address</b>	<b>Shares</b>	<b>% of Class</b>
<b>Investor Shares</b>	TD Ameritrade Inc. for the Exclusive Benefit of our Clients PO BOX 2226 Omaha, NE 68103-2226	39,519.831	62.82%
	NFS LLC FEBO Corey J. Saathoff 13915 Lowell Avenue Overland Park, KS 66223	3,651.865	5.80%
	NFS LLC FEBO FMT CO CUST IRA FBO Christina R. Danner 5717 Willow Court Parkville, MO 64152	4,962.041	7.89%

From time to time, certain shareholders may own a large percentage of the shares of a Fund. Accordingly, those shareholders may be able to greatly affect (if not determine) the outcome of a shareholder vote. As of December 1, 2017, the following shareholders may be deemed to control a Fund. "Control" for this purpose is the ownership of more than 25% or more of the Fund's voting securities. 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 1940 Act. As a controlling shareholder, each of these persons could control the outcome of any proposal submitted to the shareholders for approval, including changes to the Fund's fundamental policies or the terms of the management agreement with the Adviser. To the best knowledge of the Trust, the names and addresses of the record and beneficial holders of 25% or more of the outstanding shares of the Fund's voting securities and the percentage of the outstanding shares held by such holders, as of December 5, 2016, is set forth below. Unless otherwise indicated below, the Trust has no knowledge as to whether all or any portion of the shares owned of record are also owned beneficially.

<b>Fund</b>	<b>Name and Address</b>	<b>Shares</b>	<b>% of Fund</b>
<b>Growth Equity Fund</b>	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	779,420.015	46.59%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	481,886.799	28.81%
<b>Value Equity Fund</b>	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	590,752.290	44.96%
	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	486,740.284	35.68%
<b>Yield-Focus Equity Fund</b>	NFS LLC FEBO Midwest Trust Company 5901 College Blvd. Suite 100 Overland Park, KS 66211	1,322,292.115	51.86%
	Charles Schwab & Co. Inc. Special Custody A/C FBO Customers 101 Montgomery Street San Francisco, CA 94104-4122	786,445.546	30.84%

## PORTFOLIO TURNOVER

A Fund's portfolio turnover rate is calculated by dividing the lesser of long-term purchases or sales of portfolio securities for the fiscal year by the monthly average of the value of the portfolio securities owned by the Fund during the fiscal year. Although a Fund's annual portfolio turnover rate cannot be accurately predicted, the Adviser anticipates that each Fund's portfolio turnover rate normally will be below 100%. A 100% turnover rate would occur if all of a Fund's portfolio securities were replaced once within a one year period. High turnover involves correspondingly greater commission expenses and transaction costs, which will be borne directly by a Fund, and may result in the Fund recognizing greater amounts of income and capital gains, which would increase the amount of income and capital gains which the Fund must distribute to shareholders in order to maintain its status as a regulated investment company and to avoid the imposition of federal income or excise taxes (see "Taxes").

No Fund intends to use short-term trading as a primary means of achieving its investment objectives. Generally, each Fund intends to invest for long-term purposes. However, the rate of portfolio turnover will depend upon market and other conditions, and it will not be a limiting factor when the Adviser believes that portfolio changes are appropriate.

For the fiscal years ended as indicated below, the Funds had portfolio turnover rates as follows:

<u>Name of Fund</u>	<u>Fiscal Year Ended August 31, 2017</u>	<u>Fiscal Year Ended August 31, 2016</u>
Growth Equity Fund	82%	73%
Value Equity Fund	81%	67%
Yield-Focus Equity Fund	60%	99%

## ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM

Customer identification and verification is part of each Fund's overall obligation to prevent money laundering under federal law. The Trust has, on behalf of each Fund, adopted an anti-money laundering compliance program designed to prevent each Fund from being used for money laundering or financing of terrorist activities (the "AML Compliance Program"). The Trust has delegated the responsibility to implement the AML Compliance Program to the Funds' transfer agent, Ultimus Asset Services, LLC, subject to oversight by the CCO and, ultimately, by the Board.

When you open an account with a Fund, the transfer agent will request that you provide your name, physical address, date of birth, Social Security number or tax identification number. You may also be asked for other information that, in the transfer agent's discretion, will allow a Fund to verify your identity. Entities are also required to provide additional documentation. This information will be verified to confirm the identity of all persons opening an account with each Fund. Each Fund reserves the right to (1) refuse, cancel or rescind any purchase order, (2) freeze any account and/or suspend account activities, or (3) involuntarily redeem your account in cases of threatening conduct or suspected fraudulent or illegal activity. These actions will be taken upon authorization of the Trust's anti-money laundering officer if they are deemed to be in the best interest of the applicable Fund, or in cases where the applicable Fund is requested or compelled to do so by governmental or law enforcement authority.

## PORTFOLIO TRANSACTIONS AND BROKERAGE

Subject to policies established by the Board, the Adviser is responsible for each Fund's portfolio decisions and the placing of each Fund's portfolio transactions. In placing portfolio transactions, the Adviser seeks the best qualitative execution for a Fund, taking into account such factors as price (including the applicable brokerage commission or dealer spread), the execution capability, financial responsibility and responsiveness of the broker or dealer and the brokerage and research services provided by the broker or dealer. The Adviser generally seeks favorable prices and commission rates that are reasonable in relation to the benefits received.

The Adviser is specifically authorized to select brokers or dealers who also provide brokerage and research services to a Fund and/or the other accounts over which it exercises investment discretion and to pay such brokers or dealers a commission in excess of the commission another broker or dealer would charge if each determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided. The determination may be viewed in terms of a particular transaction, or the Adviser's overall responsibilities with respect to each Fund and to other accounts over which it exercises investment discretion.

Research services include securities and economic analyses, statistical services and information with respect to the availability of securities or purchasers or sellers of securities and analyses of reports concerning performance of accounts. The research services and other information furnished by brokers through whom a Fund effects securities transactions may also be used by the Adviser in servicing all of its accounts. Similarly, research and information provided by brokers or dealers serving other clients may be useful to the Adviser in connection with its services to a Fund. For the fiscal year ended August 31, 2017, the Adviser directed the following amounts in brokerage transactions to brokers on the basis of research services provided by such brokers to the Adviser:

	Value of Transactions	Total Commissions
<b>Meritage Growth Equity Fund</b>	\$ 32,714,264	\$ 20,579
<b>Meritage Value Equity Fund</b>	\$ 23,134,833	\$ 18,455
<b>Meritage Yield-Focus Equity Fund</b>	\$ 50,844,750	\$ 63,043

Purchases and sales of equity securities traded on an exchange are typically executed through broker-dealers that charge a commission. Commission rates are negotiable. Over-the-counter equity transactions will be placed either directly with principal market makers or with broker-dealers, if the same or a better price, including commissions and executions, is available. Fixed income securities are normally purchased directly from the issuer, an underwriter or a market maker. Purchases include a concession paid by the issuer to the underwriter and the purchase price paid to a market maker may include the spread between the bid and asked prices.

The following brokerage commissions were paid by the Funds for the fiscal years ended as indicated below:

	Brokerage Commissions Paid		
	Growth Equity Fund	Value Equity Fund	Yield-Focus Equity Fund
<b>August 31, 2017</b>	\$ 20,579	\$ 18,432	\$ 64,105
<b>August 31, 2016</b>	\$ 14,407	\$ 20,383	\$ 119,205
<b>August 31, 2015</b>	\$ 17,021	\$ 13,085	\$ 160,845

Differences in brokerage commissions paid on behalf of the Yield-Focus Equity Fund for the fiscal years ended August 31, 2015, 2016 and 2017, are a result of market conditions and changes in the Fund's net assets. None of the Funds owned securities of regular broker/dealers as of the fiscal year ended August 31, 2017. During the most recent fiscal year ended August 31, 2017, the Funds did not pay any commissions to affiliates.

## CODE OF ETHICS

The Trust, the Adviser, and the Fund's principle underwriter have each adopted a Code of Ethics (the "Codes") pursuant to Rule 17j-1 of the 1940 Act and the Adviser's Code of Ethics also conforms to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The personnel subject to the Codes are permitted to invest in securities, including securities that may be purchased or held by a Fund. You may obtain copies of the Codes from the Trust, free of charge, by calling Shareholder Services at (855) 261-0104.

## DISCLOSURE OF PORTFOLIO HOLDINGS

Each Fund is required to include a schedule of portfolio holdings in its annual and semi-annual reports to shareholders, which is sent to shareholders within 60 days of the end of the second and fourth fiscal quarters and which is filed with the SEC on Form N-CSR within 70 days of the end of the second and fourth fiscal quarters. Each Fund also is required to file a schedule of portfolio holdings with the SEC on Form N-Q within 60 days of the end of the first and third fiscal quarters. A Fund must provide a copy of the complete schedule of portfolio holdings as filed with the SEC to any shareholder of the Fund, upon request, free of charge. Each Fund also posts its top ten portfolio positions as well as certain other portfolio characteristics such as sector or geographic weightings as of each quarter end on its website at [www.meritageportfoliofunds.com](http://www.meritageportfoliofunds.com) within 30 days of that quarter end. Each Fund releases portfolio holdings to third party servicing agents on a daily basis in order for those parties to perform their duties on behalf of the Fund. These third party servicing agents include the Adviser, Distributor, Transfer Agent, fund accountant, administrator and custodian. A Fund also may disclose portfolio holdings, as needed, to auditors, legal counsel, proxy voting services (if applicable), printers, pricing services, parties to merger and reorganization agreements with the Fund and their agents, and prospective or newly hired third party servicing agents including investment advisers or sub-advisers. The lag between the date of the information and the date on which the information is disclosed will vary based on the identity of the party to whom the information is disclosed. For instance, the information may be provided to auditors within days of the end of an annual period, while the information may be given to legal counsel or prospective third party servicing agents without any time lag. This information is disclosed to all such third parties under conditions of confidentiality. "Conditions of confidentiality" include (1) confidentiality clauses in written agreements, (2) confidentiality implied by the nature of the relationship (e.g., attorney-client relationship), (3) confidentiality required by fiduciary or regulatory principles (e.g., custody relationships), or (4) understandings or expectations between the parties that the information will be kept confidential. Third party servicing agents generally are subject to an independent obligation not to trade on confidential information under their code of ethics and/or as a result of common law precedents; however, the Trust does not require an independent confirmation from the third parties that they will not trade on the confidential information.

Additionally, each Fund may enter into ongoing arrangements to release portfolio holdings to Morningstar, Inc., Lipper, Inc., Bloomberg, Standard & Poor's, Thompson Financial and Vickers-Stock ("Rating Agencies") in order for those organizations to assign a rating or ranking to each Fund. In these instances, portfolio holdings as of a month end will be supplied within approximately 25 days after that month end. The Rating Agencies may make a Fund's top portfolio holdings and other portfolio characteristics available on their websites and may make the Fund's complete portfolio holdings available to their subscribers for a fee. Neither a Fund, the Adviser, nor any of their affiliates receives any portion of this fee. Information released to Rating Agencies is not released under conditions of confidentiality nor is it subject to prohibitions on trading based on the information. Prior to disclosing portfolio holdings information to Rating Agencies, the CCO must find that: (1) the Fund has a legitimate business purpose for releasing the information in advance of release to all shareholders or the general public; and (2) the disclosure is in the best interests of shareholders.

Upon approval of the CCO, a Fund may also disclose portfolio information pursuant to regulatory request, court order or other legal proceeding.

The Trustees have adopted Portfolio Holdings Disclosure Policies ("Disclosure Policies") detailing the circumstances under which a Fund's portfolio holdings may be disclosed to third parties. The Disclosure Policies permit each Fund to adopt its own portfolio holdings disclosure policies, as set forth herein, that are consistent with the Disclosure Policies ("Fund Policies"). Prior to approving the Disclosure Policies and the Fund Policies, the Trustees considered the circumstances under which a Fund may disclose its portfolio holdings as well as conflicts of interest between the Fund's shareholders and the Adviser, the Distributor, or any affiliated person of the Fund, the Adviser, and Distributor resulting from such disclosures ("Conflicts"), and determined that the disclosure of portfolio holdings information under such circumstances were in the best interests of the Fund.

Except as described above, each Fund is prohibited from entering into any arrangements with any person to make available information about the Fund's portfolio holdings without the prior authorization of the CCO and the specific approval of the Board. The Adviser must submit any proposed arrangement pursuant to which it intends to disclose a Fund's portfolio holdings to the CCO, who will review such arrangement and any Conflicts to determine whether the arrangement is in the best interests of Fund shareholders. Additionally, the Adviser and any of their affiliated persons are prohibited from receiving compensation or other consideration, for themselves or on behalf of a Fund, as a result of disclosing the Fund's portfolio holdings. Finally, a Fund will not disclose portfolio holdings as described above to third parties that the Fund knows will use the information for personal securities transactions.

To oversee the Disclosure Policies and the Fund Policies, the Trustees consider reports and recommendations by the CCO regarding the adequacy and implementation of the compliance programs of the Trust and its service procedures adopted pursuant to Rule 38a-1 under the 1940 Act. The Trustees reserves the right to amend the Disclosure Policies at any time without prior notice to shareholders in its sole discretion

## **DETERMINATION OF NET ASSET VALUE**

You may purchase or redeem shares of a Fund class, or exchange shares of a Fund class for shares of the same class of another Fund (e.g. redeem shares of one Fund class and buy shares of the same class of another Fund), at the net asset value of those shares next calculated after the Transfer Agent receives your request in proper form. For information concerning the purchase, redemption, and exchanges of Fund shares, see "How to Buy Shares," "How to Redeem Shares," and "Exchange Privileges" in the Funds' Prospectus. For a description of the methods used to determine the share price and value of a Fund's assets, see "Determination of Net Asset Value" in the Funds' Prospectus and in this SAI.

Each Fund may authorize one or more brokers and other intermediaries to receive, on its behalf, purchase and redemption orders. Such brokers would be permitted to designate other intermediaries to receive purchase and redemption orders on behalf of such Fund. A Fund will be deemed to have received a purchase or redemption order when an authorized broker or, if applicable, a broker's authorized designee, receives the order. Customer orders will be priced at the applicable Fund's net asset value next computed after the orders are received by an authorized broker or such broker's authorized designee, and accepted by the Fund.

The price (net asset value) of the shares of a Fund class is determined as of the close of trading on the New York Stock Exchange ("NYSE"), which is normally 4:00 p.m., Eastern time on each day the Trust is open for business. The Trust is open for business on every day on which the NYSE is open for trading. The NYSE is closed on Saturdays, Sundays and the following holidays: New Year's Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

Equity securities generally are valued by using market quotations furnished by a pricing service. An exchange-traded security is generally valued by the pricing service at the last quoted sale price provided by market in which the security principally trades. Lacking a last sale price, an exchange traded security is generally valued at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When market quotations are not readily available, when the Adviser determines that the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued at a fair value as determined in good faith according to procedures established by and subject to review by the Board. The Board annually approves the pricing services used by the fund accounting agent. A Pricing Committee is convened to determine a security's fair value, as needed. Fair valued securities held by a Fund (if any) are reviewed by the Board on a quarterly basis.

The NAV per share of each Fund class is determined by taking the market value of that Fund class' total assets (including interest and dividends accrued but not yet received), subtracting the class' liabilities (including accrued expenses), and then dividing the result (net assets) by the number of outstanding shares of the Fund class at such time.

$$\text{Net Asset Value Per Share} = \frac{\text{Net Assets}}{\text{Shares Outstanding}}$$

## REDEMPTION IN KIND

No Fund intends to redeem shares in any form except cash. However, if the amount you are redeeming is over the lesser of \$250,000 or 1% of a Fund's net asset value, pursuant to an election filed by the Trust under Rule 18f-1 of the 1940 Act, each Fund has the right to redeem your shares by giving you the amount that exceeds the lesser of \$250,000 or 1% of the Fund's net asset value in securities instead of cash, which is referred to as a "redemption in kind." In the event that a redemption in kind is made, a shareholder may incur additional expenses, such as the payment of brokerage commissions, on the sale or other disposition of the securities received from a Fund.

Redemptions in kind will be made only under extraordinary circumstances and if a Fund deems it advisable for the benefit of all shareholders, such as a very large redemption that could affect Fund operations (for example, more than 1% of the Fund's net assets). A redemption in kind will consist of securities equal in market value to the Fund shares being redeemed, using the same valuation procedures that the Funds use to compute their respective NAV. Pursuant to procedures adopted by the Board, redemption in kind transactions will typically be made by delivering readily marketable securities to the redeeming shareholder within 7 days after the Fund's receipt of the redemption order in proper form. Marketable securities are assets that are regularly traded or where updated price quotations are available. Illiquid securities are investments that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. Certain illiquid securities may be valued using estimated prices from one of the Trust's approved pricing agents. If a Fund redeems your shares in kind, it will value the securities pursuant to the policies and procedures adopted by the Board. You will bear the market risks associated with maintaining or selling the securities that are transferred as redemption proceeds. In addition, when you sell these securities, you will pay taxes and brokerage charges associated with selling the securities.

## STATUS AND TAXATION OF THE FUNDS

Each Fund was organized as a series of a business trust, and intends to continue to qualify for treatment as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code") in each taxable year. There can be no assurance that it actually will so qualify. If a Fund qualifies as a RIC, its dividend and capital gain distributions generally are subject only to a single level of taxation, to the shareholders. This differs from distributions of a regular business corporation which, in general, are taxed first as taxable income of the distributing corporation, and then again as dividend income of the shareholder.

If a Fund does qualify as a RIC but (in a particular calendar year) distributes less than 98% of its ordinary income and 98.2% of its capital gain net income (as the Code defines each such term), the Fund is subject to an excise tax. The excise tax, if applicable, is 4% of the excess of the amount required to have been distributed over the amount actually distributed for the applicable year. If a Fund does not qualify as a RIC, its income will be subject to taxation as a regular business corporation, without reduction by dividends paid to shareholders of the Fund. In such event, dividend distributions would be taxable to shareholders to the extent of the applicable Fund's earnings and profits, and would be eligible for the dividends-received deduction for corporations.

To continue to qualify for treatment as a RIC under Subchapter M of the Code, a Fund must, among other requirements:

- Derive at least 90% of its gross income each taxable year from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock or securities or foreign currencies, and certain other income (including gains from options, futures, or forward contracts derived with respect to the RIC's business of investing in stock securities, or foreign currencies) (the "Income Requirement");
- Diversify its investments in securities within certain statutory limits (the "Asset Diversification Requirement"); and



- Distribute annually to its shareholders at least 90% of its investment company taxable income (generally, taxable net investment income less net capital gain) (the “Distribution Requirement”).

Pursuant to the Regulated Investment Company Modernization Act of 2010 (the “Modernization Act”), if a Fund fails the Income Requirement test for a taxable year, it will nevertheless be considered to have satisfied the test for such year if (1) the Fund satisfies certain procedural requirements and (2) the Fund’s failure to satisfy the gross income test is due to reasonable cause and not due to willful neglect. However, in such case, a tax is imposed on the Fund for the taxable year in which, absent the application of this provision, it would have failed the gross income test equal to the amount by which (1) the Fund’s non-qualifying gross income exceeds (2) one-ninth of the Fund’s qualifying gross income, each as determined for purposes of applying the gross income test for such year.

Also pursuant to the Modernization Act, if a Fund fails the Asset Diversification Requirement test as of the end of a quarter, it will nevertheless be considered to have satisfied the test as of the end of such quarter in the following circumstances. If the Fund’s failure to satisfy the asset diversification test at the end of the quarter is due to the ownership of assets the total value of which does not exceed the lesser of (1) one percent of the total value of the Fund’s assets at the end of such quarter and (2) \$10,000,000 (a “de minimis failure”), the Fund will be considered to have satisfied the asset diversification test as of the end of such quarter if, within six months of the last day of the quarter in which the Fund identifies that it failed the asset diversification test (or such other prescribed time period), the Fund either disposes of assets in order to satisfy the asset diversification test, or otherwise satisfies the asset diversification test.

In the case of a failure to satisfy the asset diversification test at the end of a quarter in a case that does not constitute a de minimis failure, a Fund will nevertheless be considered to have satisfied the asset diversification test as of the end of such quarter if (1) the Fund satisfies certain procedural requirements; (2) the Fund’s failure to satisfy the asset diversification test is due to reasonable cause and not due to willful neglect; and (3) within six months of the last day of the quarter in which the Fund identifies that it failed the asset diversification test (or such other prescribed time period), the Fund either disposes of assets in order to satisfy the asset diversification test, or otherwise satisfies the asset diversification test. However, in this case, a tax is imposed on the Fund, at the current rate of 35%, on the net income generated by the assets that caused the Fund to fail the asset diversification test during the period for which the asset diversification test was not met. However, in all events, such tax will not be less than \$50,000.

Fund distributions received by your qualified retirement plan, such as a 401(k) plan or IRA, are generally tax-deferred; this means that you are not required to report Fund distributions on your income tax return when paid to your plan, but, rather, when your plan makes payments to you or your beneficiary. Special rules apply to payouts from Roth and Education IRAs.

The portion of the dividends a Fund pays (other than capital gain distributions and any dividends received from any REIT in which the Fund invests) that does not exceed the aggregate dividends it receives from U.S. corporations will be eligible for the dividends received deduction allowed to corporations; however, dividends received by a corporate shareholder and deducted by it pursuant to the dividends received deduction are subject indirectly to the federal alternative minimum tax.

If you are a non-retirement plan holder, the appropriate Fund will send you a Form 1099 each year that tells you the amount of distributions you received for the prior calendar year, the tax status of those distributions, and a list of reportable sale transactions. Generally, a Fund’s distributions are taxable to you in the year you received them. However, any dividends that are declared in October, November or December but paid in January are taxable as if received in December of the year they are declared. Investors should be careful to consider the tax consequences of buying shares shortly before a distribution. The price of shares purchased at that time may reflect the amount of the anticipated distribution. However, any such distribution will be taxable to the purchaser of the shares and may result in a decline in the share value by the amount of the distribution.

If shares of a Fund are sold at a loss after being held by a shareholder for six months or less, the loss will be treated as long-term, instead of a short-term, capital loss to the extent of any capital gain distributions received on such shares.

Each Fund's net realized capital gains from securities transactions will be distributed only after reducing such gains by the amount of any available capital loss carryforwards. Capital losses incurred generally may be carried forward to offset any capital gains. Capital losses, if any, incurred by a Fund in taxable years beginning on or after April 1, 2011 will have an indefinite carryover period pursuant to the provisions of the Modernization Act and must be utilized prior to pre-enactment loss carryforwards.

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.

**Investments in MLPs.** The Yield-Focus Equity Fund may invest up to 25% of its total assets in MLPs. In general, a MLP is taxed as a corporation for income tax purposes. However, if the MLP derives at least 90% of its gross income from Qualifying Income each taxable year, then the MLP will be taxed as a partnership for income tax purposes. For these purposes, Qualifying Income includes interest, dividends, real estate rents, gain from the sale of real estate, certain income and gain from commodities and commodity futures, and income and gain from certain mineral and natural resources activities.

If an MLP is treated as a partnership, then for each tax year, the MLP will allocate its net profits and net losses (and corresponding tax items) to its partners in accordance with its partnership agreement. The allocation occurs whether or not the MLP makes a distribution to its partners. Each partner will report its share of the tax items on its income tax return. If an MLP makes a cash distribution to a partner, then the partner recognizes no income from the distribution if the amount of the distribution is equal to or less than the partner's adjusted tax basis in its ownership interest. Any cash distributed in excess of the partner's adjusted tax basis is taxed as capital gain. A partner's adjusted tax basis in its partnership interest is the value of its initial contribution to the MLP. Each year, the adjusted tax basis is adjusted upwards for the allocation of income and is adjusted downwards for distributions and the allocation of losses and deductions. In general, any gain or loss from the sale of an ownership interest in a MLP is capital gain or loss. However, some of the gain may be ordinary income if the MLP holds certain ordinary income producing assets, such as depreciable tangible personal property and contracts.

The foregoing is only a summary of some of the important federal income tax considerations affecting a Fund and its shareholders and is not intended as a substitute for careful tax planning. **Accordingly, prospective investors should consult their own tax advisers for more detailed information regarding the above and for information regarding federal, state, local and foreign taxes.**

## **CUSTODIAN**

Huntington National Bank, 41 South High Street, Columbus, Ohio 43215, is custodian of each Fund's investments. The custodian acts as each Fund's depository, safekeeps each Fund's portfolio securities, collects all income and other payments with respect thereto, disburses funds at the Fund's request and maintains records in connection with its duties. Huntington National Bank operates as a wholly-owned subsidiary of Huntington Bancshares, Inc.

For its custodial services, the custodian receives a monthly fee from each Fund based on the market value of the assets under custody. The monthly fee is equal to an annual rate: of 0.0075% of the first \$100 million of Funds' market value; 0.0050% of the Funds' market value in excess of \$150 million. The custodian also receives asset-based administration and safekeeping fees for securities custodied outside the U.S. as well as various transaction-based fees. The fees paid to the custodian by each Fund are subject to a \$350 monthly minimum fee per Fund account.

## **TRANSFER AGENT, FUND ACCOUNTING AGENT, AND ADMINISTRATOR**

Under the terms of a Mutual Fund Services Agreement between the Trust and Ultimus Asset Services, LLC ("UAS"), 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246, UAS serves as Transfer Agent and shareholder services agent, fund accounting agent, and administrator for the Funds. UAS is a wholly-owned subsidiary of Ultimus Fund Solutions, LLC.

As transfer agent and shareholder services agent, UAS maintains the records of each shareholder's account, answers shareholders' inquiries concerning their accounts, processes purchases and redemptions of each Fund's shares, acts as dividend and distribution disbursing agent and performs other shareholder service functions. As fund accounting agent, UAS calculates the daily net asset value per share and maintains the financial books and records of each Fund. As administrative services agent for the Trust, UAS supplies non-investment related administrative and compliance services for each Fund. UAS prepares tax returns, reports to shareholders, reports to and filings with the SEC and state securities commissions, and materials for meetings of the Board.

For its transfer agency services to the Funds, UAS receives a yearly fixed amount per shareholder account, subject to yearly minimum fees per portfolio and/or share class. UAS is also entitled to receive additional amounts that may be activity or time-based charges, account/transaction fees related to the administration of the Trust's Anti-Money Laundering Compliance Program plus reimbursement for out-of-pocket expenses. For its administration/fund accounting services to the Funds, UAS receives a monthly fee equal to 0.12% of the first \$100 million in the Funds' average daily net assets; 0.08% of the Funds' average daily net assets from \$100 million to \$250 million; 0.05% of the Funds' average daily net assets over \$250 million to \$1 billion; and 0.025% of the Funds' average daily net assets over \$1 billion (subject to minimum annual fees per Fund or share class). In addition, the Funds pay UAS's out-of-pocket expenses including, but not limited to, literature fulfillment services; statement, confirmation and tax form production; record storage, telephone and mailing charges, bank fees; special reports; and edgarization fees.

For the fiscal years ended as indicated below, the transfer agent, accounting and administration fees paid by each Fund were as follows:

**August 31, 2017**

<b>Fund</b>	<b>Fees Paid for Transfer Agent Services</b>	<b>Fees Paid for Accounting Services</b>	<b>Fees Paid for Administrative Services</b>
Growth Equity Fund	\$ 18,061 <sup>(1)</sup>	\$ 22,454 <sup>(1)</sup>	\$ 33,679 <sup>(1)</sup>
Value Equity Fund	\$ 12,968 <sup>(1)</sup>	\$ 16,115 <sup>(1)</sup>	\$ 24,175 <sup>(1)</sup>
Yield-Focus Equity Fund	\$ 29,195 <sup>(1)</sup>	\$ 36,431 <sup>(1)</sup>	\$ 54,346 <sup>(1)</sup>

**August 31, 2016**

<b>Fund</b>	<b>Fees Paid for Transfer Agent Services</b>	<b>Fees Paid for Accounting Services</b>	<b>Fees Paid for Administrative Services</b>
Growth Equity Fund	\$ 14,155	\$ 17,596	\$ 26,393
Value Equity Fund	\$ 12,083	\$ 15,016	\$ 22,523
Yield-Focus Equity Fund	\$ 34,277	\$ 42,389	\$ 63,884

**August 31, 2015**

<b>Fund</b>	<b>Fees Paid for Transfer Agent Services</b>	<b>Fees Paid for Accounting Services</b>	<b>Fees Paid for Administrative Services</b>
Growth Equity Fund	\$ 14,795	\$ 13,922	\$ 21,134
Value Equity Fund	\$ 12,453	\$ 11,833	\$ 17,998
Yield-Focus Equity Fund	\$ 52,118	\$ 47,745	\$ 72,368

(1) As of August 31, 2017, the Growth Equity Fund, the Value Equity Fund and the Yield-Focus Equity Fund owed the Administrator \$6,772, \$4,977 and \$8,395, respectively.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of Ernst & Young LLP, 800 Yard Street, Suite 200, Grandview Heights, OH 43212 has been selected as the Independent Registered Public Accounting Firm for the Fund for its fiscal year ending August 31, 2018. Ernst & Young LLP provides audit services, tax return preparation and assistance, and audit-related services in connection with certain SEC filings.

**DISTRIBUTOR**

Unified Financial Securities, LLC, 9465 Counselors Row, Suite 200, Indianapolis, IN 46240, is the exclusive agent for distribution of shares of each Fund. The Distributor is a wholly owned subsidiary of Ultimus Fund Solutions, LLC. Certain officers of the Trust also are officers of the Distributor. As a result, such persons may be deemed to be affiliates of the Distributor.

The Distributor is obligated to sell the shares of each Fund on a best efforts basis only against purchase orders for the shares. Shares of each Fund are offered to the public on a continuous basis.

## Distribution Plan – Investor Shares

Each Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act with respect to Investor Shares. The Plan will continue in effect from year to year, provided that each such continuance is approved at least annually by a vote of the Board, including a majority vote of the Independent Trustees, cast in person at a meeting called for the purpose of voting on such continuance.

Under the Plan, the Investor Shares of each Fund pays an aggregate fee to the Distributor, the Adviser or other financial institutions of up to 0.25% of the Investor Shares’ average daily net assets for the promotion and distribution of the Fund’s Investor Shares and/or the provision of shareholder services to the Investor Shares shareholders. These services include, but are 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 Services”). Because these fees are an ongoing expense, over time they reduce the net investment results of the Investor Shares of a Fund and may cost more than paying other types of sales charges. Mr. Dorsey may be deemed to have an interest in the operations of the Plan as a Principal of the Distributor.

The Plan is a compensation plan, which means that compensation is provided regardless of whether 12b-1 Services are actually performed. Accordingly, the costs to provide 12b-1 Services of the Investor Shares of a Fund may be less than fees paid out by the class under the Plan.

The Trustees expect that the Plan will significantly enhance the Fund’s ability to expand distribution of the Investor Shares of each Fund. It is also anticipated that an increase in the size of a Fund will facilitate more efficient portfolio management and assist the Fund in seeking to achieve its investment objective.

The following chart indicates the principal type of activities for which 12b-1 fees were used by the respective Fund for the fiscal year ended August 31, 2017:

<b>Fund Name</b>	<b>Total 12b-1 Fees Paid to Distributor</b>	<b>Payments for Compensation to Broker- Dealers</b>
Growth Equity Fund Investor Shares	\$ 447	\$ 447
Value Equity Fund Investor Shares <sup>(1)</sup>	\$ 11	\$ 11
Yield-Focus Equity Fund Investor Shares	\$ 13,274	\$ 13,274

(1) The Value Equity Fund Investor class shares liquidated on February 3, 2017.

## PROXY VOTING POLICIES

The Trust and the Adviser each have adopted proxy voting policies and procedures reasonably designed to ensure that proxies are voted in shareholders’ best interests. As a brief summary, the Trust’s policy delegates responsibility regarding proxy voting to the Adviser. In each case, proxies will be voted in accordance with the Adviser’s proxy voting policy, subject to the supervision of the Board.

The Trust’s policy provides that if a proxy proposal raises a material conflict of interest between the interests of the Adviser, the Trust’s principal underwriter, or an affiliated person of the Fund, the Adviser or a principal underwriter and that of the Fund (a “Conflict”), the Adviser shall resolve such conflict by: (1) voting the proxy consistent with a pre-determined voting policy for various types of proposals (“Pre-Determined Voting Policy”) if the Adviser has little or no discretion to deviate from such policy with respect to the proposal in question; or (2) disclosing the conflict to the Board and obtain the Board’s consent to the proposed vote prior to voting on such proposal if the Adviser has discretion to deviate from its Pre-Determined Voting Policy or does not maintain a Pre-Determined Voting Policy. Under the policy, the Board may vote a proxy subject to a Conflict disclosed by the Adviser based on the recommendation of an independent third party.

The Adviser's proxy voting policies and procedures state that it relies on its proxy administrator to make the final decision on how to cast proxy votes consistent with the Adviser's proxy voting procedures. When exercising its voting responsibilities, the Adviser generally votes with management on routine matters that are not expected to have a significant economic impact on the company and/or its shareholders. Regarding governance matters, the Adviser generally will support proposals that foster good corporate governance practices. The Adviser considers the following factors when developing a position on special interest issues: (1) the long-term benefit to the shareholders of promoting corporate accountability and responsibility on social issues; (2) management's responsibility with respect to special interest issues; (3) any economic costs and restrictions on management; and (4) the responsibility of the Adviser to vote proxies for the greatest long-term shareholder value.

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) without charge, upon request, by calling Shareholder Services at (855) 261-0104 and (2) on the SEC's website at <http://www.sec.gov>.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Funds for the fiscal year ended August 31, 2017, and the report of Ernst & Young LLP, independent registered public accounting firm, are incorporated herein by reference to the Trust's Annual Report to Shareholders for the fiscal year ended August 31, 2017, which has been previously sent to shareholders of each Fund pursuant to Section 30(d) of the 1940 Act and previously filed with the SEC. A copy of the Annual Report to Shareholders may be obtained without charge by contacting Shareholder Services at (855) 261-0104 or upon written request to Ultimus Asset Services, LLC, P.O. Box 46707, Cincinnati, OH 45246-0707.