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THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Producing Returns with a Portfolio of Global Champions

BRIAN YACKTMAN is Chief Investment Officer, Portfolio Manager and a Principal of YCG, LLC. Mr. Yacktman founded YCG Investments in 2007. Prior to founding YCG, Mr. Yacktman was an associate at Yacktman Asset Management, the adviser to The Yacktman Funds. He joined them in June 2004 from Brigham Young University, where he graduated cum laude with a B.S. in economics and an MBA with an emphasis in finance.

SECTOR — GENERAL INVESTING

TWST: Why did you found YCG?

Mr. Yacktman: We initially began as a firm focused on separately managed accounts, and then in 2012, we opened the YCG Enhanced Fund. We recognized at that time that there was an underserved category of people that couldn't meet separate account minimums as well as the efficiency and scalability of a mutual fund.

TWST: What is the YCG Enhanced Fund specifically, which has its ticker YCGEX, and what type of investor is best suited for it?

Mr. Yacktman: We are in the top 5% in our Morningstar category in both the short one year as well as the longer five year, but what we are most proud of accomplishing are the very favorable downside capture ratios. In other words, it is not just about putting up good numbers, but it is how you get there. We believe our approach has shown that ability to produce strong risk-adjusted returns.

I view us as very suitable to investors who are patient and long-term-oriented. In short, we have been able to accomplish these strong risk-adjusted returns by seeking to invest in global champions with pricing power that can grow their volume over the long term. For that to work out over time requires a patient, long-term investor.

TWST: Can you explain your process, including how you accomplish risk adjustment, but also this aspect of it as stated in the fund fact sheet, where you mention a distinctive option enhancement component?

Mr. Yacktman: On the risk-adjusted side, what I'd say is, in designing our strategy, we not only wanted to have the best shot at earning excess returns without taking excessive risk but to also create something that is repeatable. Rather than banking on just informational or analytical advantages, we believe it is more enduring to bank on behavioral advantages. What I mean by this is, we can count on humans' nature to want to make a quick buck. There is this greedy impatience that leads to an over-investment in what we call "wider bell curve" or riskier stocks.

Because investors on average are also overconfident, they mistakenly believe that they can pick the risky stocks that will win out. We believe these behavioral tendencies lead to an overpricing on average for riskier stocks. But at the same time, investors' tendency to be short-term-oriented and overly risk-seeking causes them to underappreciate the most dominant and predictable businesses over the long term. This leads to what we feel is a consistent underpricing of great businesses, or what we call the "high-quality business mispricing." Ultimately, we are fishing in a pond in which we believe the odds are already stacked in our favor by seeking out enduring businesses that have predictable and attractive long-term economics because they are underappreciated by the market, whereas the rest of the market is seeking to make that quick buck.

TWST: What is this option enhancement?

Mr. Yacktman: The option enhancement is along the same lines of investors seeking to make a quick buck whereby we have noticed that investors on average are overpaying for options. We believe we are more like the house and are allowing other investors to gamble in these options. We write put options on things that we want to own, or we write covered calls on things that we are willing to sell at the prevailing prices. It is almost like you are being paid to put in a limit order because you are happy to own the security or sell the security at those prices. Then, you get paid to write these options.

But empirical evidence has shown that the writers of options can actually make more money than the owners of the underlying security by continually rewriting them. We don't just do this mechanically. We calculate a forward risk-adjusted return on the underlying equity first, and then, we calculate a forward return on the option and compare the two returns. To further clarify what I mean by that, meaning what the option is, we look at the premium we are pulling in and divide it by the amount of cash you are setting aside because this is all cash-secured. We are not producing leverage with these options. We feel like we are on the risk-reduction side of the trade.

So you pull in cash as a percentage of the cash you are setting aside, and that creates a yield. We annualize that yield, then tax effect that yield. We then compare that forward return to our estimated forward return of the stock and make a portfolio decision accordingly. What we found is, on average, typically, the forward rate of return on the underlying option does exceed the underlying return of the stock. We believe this is a risk-reduction strategy. We found that it can also potentially enhance returns.

TWST: The YCG Enhanced Fund has — it looks like from the latest fund sheets — 30 stocks. Are you looking at a universe of all caps or only large caps?

Mr. Yacktman: All caps, globally. But after going through our screening process, it usually narrows down the universe to just a few hundred businesses that exhibit enduring pricing power and volume growth for the long term. Once we have narrowed down the universe, then we look for what we believe are the most attractively priced within that to construct a portfolio that is the most robust against various economic outcomes.

Highlights

Brian Yacktman discusses the YCG Enhanced Fund. In order to produce strong risk-adjusted returns, Mr. Yacktman looks for companies that he refers to as global champions. These are companies with pricing power that can grow their volume over the long term. Another feature of the fund is the option enhancement, which helps reduce risk and enhance returns. Mr. Yacktman says this fund is suitable for patient and long-term-oriented investors.

Companies discussed: Moody's Corporation (NYSE:MCO); MSCI (NYSE:MSCI); Mastercard (NYSE:MA); Visa (NYSE:V); Verisk Analytics (NASDAQ:VRSK); Aon plc (NYSE:AON); Marsh & McLennan Companies (NYSE:MMC); Becton Dickinson and Co. (NYSE:BDX); Compagnie Financiere Richemont SA (OTCMKTS:CFRHF); Hermes International SCA (OTCMKTS:HESAF); Target Corporation (NYSE:TGT); Charles Schwab Corporation (NYSE:SCHW) and Amazon.com (NASDAQ:AMZN).

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TWST: What are the current assets under management in that fund?

Mr. Yacktman: Firmwide, we are over $700 million. In the mutual fund, we are around $235 million.

TWST: I am looking at the current sector breakdown. There are sectors where you have zero, such as health care and communication services, and those with high allocations, such as financial services and consumer defensive and consumer cyclical. Explain why the sector breakdown looks the way it does even when using a bottom-up approach. Why might it look that way?

Mr. Yacktman: A good place to start is to step back for a second and understand the way we look at the world. We think that the single most important thing to identify when investing is a business that possesses pricing power. It is fairly easy to identify those types of businesses by screening for high returns on both existing and incremental tangible assets or wide and growing margins or revenue growth, etc. But it is more difficult to identify the businesses that will have enduring pricing power and volume growth over the long term.

We have this overarching belief that innovation is going to continue at a relentless pace, causing deflationary pricing all around us. And this is apparent to everyone in areas like technology, where the prices of goods are declining in absolute terms. For example, 40 years ago, to get the capabilities of the smartphone in your pocket would have cost $1 million, but today, you can get it for less than $500.

What is lesser known is that these deflationary forces are happening in industries all around us after you adjust for inflation. Nearly everything is becoming a smaller percentage of someone's budget. Food costs are coming down, as are energy costs and commodity costs. They are all facing deflationary pricing. There are very few companies in the world that can buck that trend and maintain a share of our budgets or a share of Gross Domestic Product. So we want a portfolio that is filled with these global champions.

When you think in those terms, then the question is, well, how do you identify pricing power? And pricing power, as anybody who took Econ 101 would tell you, is found in the scarce resource. As all of these innovations happened, we have an increase in abundance of wealth creation in the world. This increase isn't just the upper echelons; it is forecasted that over 2 billion will be added to the middle class over the next 10 years. There is rising wealth around the globe.

What I'm saying is, if there's all this wealth creation in the world, you have an increase in opportunities and experiences relative to the amount of time you have. We would argue that the scarce resource is your time. The goods or businesses that will have pricing power are those that can act as strong time filters. We basically narrow down the world into information filters and people filters. The types of businesses that don't pass that muster tend to be commodity-like businesses.

You mentioned some of the areas where you won't see us invested, and it is in something like, let's say, oil, right? Oil is a commodity. Nobody cares if it's Joe's oil or someone else's. They are not buying oil for status. Empirically, you can see that there's no pricing power, as the price of oil is becoming cheaper and cheaper in real terms after adjusting for inflation. If you were extracting value by acting as an information filter on the exchanges where oil trades or using a network or a marketplace of buyers and sellers for oil to trade to provide efficient price discovery, then there could be pricing power.

In a lot of businesses like those in the materials sector, there are just heavy amounts of capital and very small returns. When there are small returns on capital, by definition, they aren't able to have pricing power. The only way that you can make money in these types of industries over long periods of time is to be the lowest-cost producer. If you have enormous amounts of capital and you're in a cyclical industry, then you're going to be more vulnerable because, by definition, to jack up your return on equity, you have to take on leverage. If you are leveraged in a cyclical industry, then you are more vulnerable and less likely to produce excess returns on capital over time.

major problem in America, there is unpredictability as to the profitability of these businesses in a new regime or how whatever changes get enacted. It is just difficult to assess the true earning power of these businesses. If we were to go toward health care, we'd probably move toward businesses that are creating goods with a very small purchase price and a disposable, short repurchase-cycle-type item, such as a

1-Year Daily Chart of Moody's Corporation

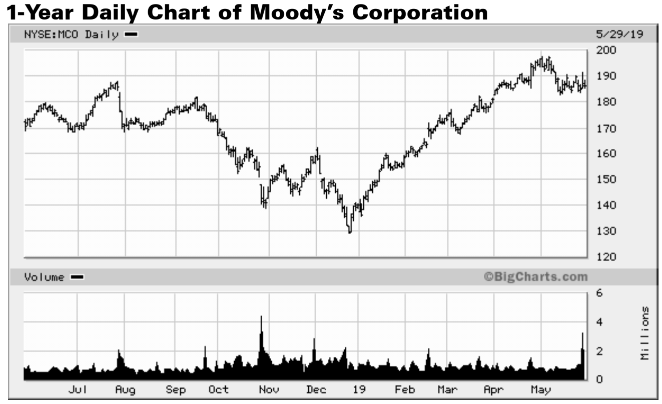

Chart provided by www.BigCharts.com

"Most of the financials in our portfolio are financial light and essentially dominant toll takers on GDP that are globally networked. They are in areas where it only makes sense to have two or three major players."

Now, you mentioned us having a higher amount toward financials; yet, we actually have an aversion toward what you would call black-box financials when book values can come into question. Most of the financials in our portfolio are financial light and essentially dominant toll takers on GDP that are globally networked. They are in areas where it only makes sense to have two or three major players.

For example, it really makes sense to have two or three major players in the ratings business, as in **Moody's** (NYSE:MCO) and **S&P**. Among international index providers, you have **MSCI** (NYSE:MSCI), **S&P** and **FTSE**. With payment processors, there is **Mastercard** (NYSE:MA) and **Visa** (NYSE:V). We own insurance database **Verisk** (NASDAQ:VRSK), which is basically a monopoly that provides data to insurance companies. There are the global insurance brokerages of **Aon** (NYSE:AON) and **Marsh & McLennan** (NYSE:MMC). They are much more financial-light businesses.

With health care, as I described pricing power, you would think that this would happen in health care. It is. It has been taking a higher share of GDP over time. But it has done so much so that we're concerned that there's a lot of rent-seeking behavior. Health care in general is twice as high as a percent of GDP here in the U.S. as it is in other developed nations. There is just this concern that there's a lot of rent-seeking behavior.

You have a populace that, on both sides of the aisle, is clamoring against what appears to be collusion essentially in creating higher and higher prices. The system is inefficient. Our concern is, as governments step in to intervene against this, on what is becoming a company like **Becton Dickinson** (NYSE:BDX) that is producing needles and catheters, as opposed to companies that are producing very expensive or larger-ticket items.

TWST: Can you talk about some of your top holdings and specifically what you like about those particular holdings? Are they appearing as a contrarian choice or one that is underpriced or misunderstood in the market?

Mr. Yacktman: One of my favorite businesses to describe because it explains our strategy so well is **Moody's**. Before, I was describing our looking for businesses that are information filters and people filters. **Moody's** acts as a powerful information filter. As you know, **Moody's** is selling credit ratings. The industry itself has favorable long-term growth prospects. Because as long as there are businesses in the world, there is going to be the desire to bring down the cost of capital by issuing debt.

Debt issuance has historically grown at least as fast as global GDP. But in the capital markets, bond issuance has grown even faster as it has taken share from banking loans. **Moody's** essentially acts as a toll taker on global bond issuance. We believe that it is indexed to grow volume long term at the pace of GDP or better. Now hanging over its head is that there's all this global indebtedness. I would argue that some of the best investment opportunities are those when there may be fears in the short to medium term but very clear long-term prospects.

Now, to get down to the specifics about **Moody's** as an information filter. **Moody's** essentially is charging a very small expense of approximately 7 basis points to rate their bonds. Yet, they save a corporation around 30 to 50 basis points in their annual borrowing costs. So it's a no brainer for decision-makers. It's difficult to sell your debt without having a **Moody's** or **S&P** rating on it. It is almost like a global language. It is like speaking English.

There's only enough room for so many players. Think of if you are a startup and you wanted to disintermediate **Moody's**. Nobody wants to go learn multiple methods on how to rate bonds. They are one of the major global languages used to explain the information of the bond ratings.

Another advantage is, if you try to disrupt it, there exists this principal agent problem, whereby principals, meaning the owners, have the agency employees acting on their behalf. And an employee is unlikely to go make an unconventional choice. Even if someone were to, say, rate your bonds for free, the risk to the employee and his or her career is enormous relative to the potential upside for the company if it doesn't work out. That situation leads to a status quo of people just choosing to continually use **Moody's** and **S&P** for ratings. Also, all their historical data allows ratings to be comparable across time, providing rich data that a startup can't replicate, and then they can sell multiple analytics products on that.

What is interesting is, what helped them become globally entrenched to begin with was initially based on regulations going back to the early 1900s. For example, after the Great Depression, it became almost mandatory for banks' bond purchases to have ratings. They designated specific rating agencies that one must use for ratings. That then helped them become entrenched.

Today, they are the global language. Their capital-light business allows for tons of cash flow to be returned to shareholders while still continuing to grow. So we believe a very enduring information filter costly to obtain. In a world of increasing wealth, if companies continually sell them at the same price, they'll become less costly and easier to obtain. By definition, they have to raise their prices as a signal that this is acting as a good people filter. They filter for either loyalty to a tribe or status within a tribe. They have pricing power because they have to continually raise prices in order for it to act as a good people filter.

An example of businesses like this would be a business like **Richemont** (OTCMKTS:CFRHF), **Hermes** (OTCMKTS:HESAF) and **Louis Vuitton**. All of these are globally recognized symbols of status. It is costly to obtain their goods. As evidence of pricing power, **Hermes** has raised the price of their Birkin bag faster than inflation for decades to over $10,000, even though a handbag at, say, **Target** (NYSE:TGT) has gotten cheaper in real terms over time. They're selling a piece of art; they're selling a statement.

1-Year Daily Chart of Compagnie Financiere Richemont SA

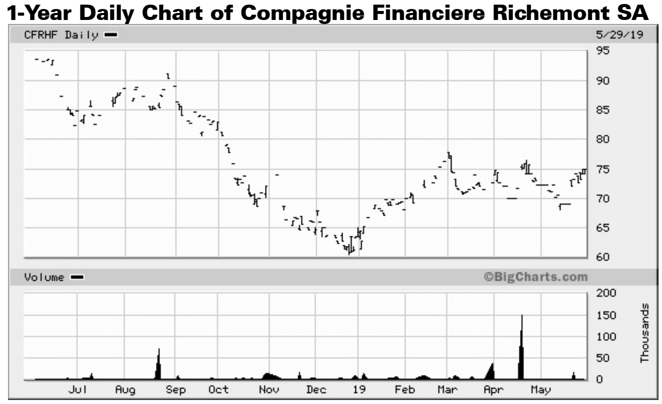

Chart provided by www.BigCharts.com

"We define a reliable people filter as a good that increases your perceived attractiveness. What is differentiating about people filters is that people filters are, by definition, valuable only so long as they're costly to obtain. In a world of increasing wealth, if companies continually sell them at the same price, they'll become less costly and easier to obtain."

and, currently, an overindebted world economy puts more pressure on valuation than is warranted compared to other businesses in its class.

TWST: I was looking at the British company Aon, and obviously, there's a high degree of focus on retirement, so you're kind of riding a demographic trend there. But I'm wondering if there are other aspects to that particular global company that made you want to put it at such a top ranking in the fund.

Mr. Yacktman: What I would like to do is give you an example of one that serves more like a people filter and then come back to **Aon**, if that's OK. The information filters are businesses we can rely on to be efficient or reliable, trustworthy, etc. What gives those information filters pricing power is that the cost of creating a substitute or the cost of searching for a substitute is too high relative to the current price. It just doesn't make sense to search or switch to alternatives. That then gives them pricing power over time.

We define a reliable people filter as a good that increases your perceived attractiveness. What is differentiating about people filters is that people filters are, by definition, valuable only so long as they're

Right now, for example, one-third of the luxury sector represents sales in China. China has performed an economic miracle by raising 800 million people out of poverty over the last four decades. Explosive urbanization has put all these people who don't know each other in contact with each other, and the value of that filter of being able to tell who is in your tribe and status seeking within a tribe is stronger than ever.

We believe that the companies that will have the most enduring pricing power and not become fad-like are those that are globally recognized status symbols. That is why I highlight those types of companies; they are globally recognized brands. Disruption in this industry is very slow because nobody wants to take the risk of buying a new expensive good when they can already buy what is globally known. There is a consistency of the large players.

We prefer brands that have storied heritages that are connected to status in categories that have a universal cultural appeal across time, such as leather goods and jewelry, as opposed to, say, tulip bulbs. There was a time when tulip bulbs were a craze and expensive and maybe filtered for status, but it was a fad. Many of these companies are connected to celebrities and royalty and centers of culture going back to Paris and Italy where there is a very long history, and you cannot rewrite history. A startup company cannot rewrite history and all of a sudden connect their brands to royalty and celebrities.

For example, **Richemont** has essentially the leading position in luxury-branded jewelry. It owns the brand of Cartier, which is close to three-quarters of its profits. I think it's more like 70% of their profits. Gradually, jewelry sales are ceding to branded players such as Cartier and Van Cleef & Arpels. Worldwide, 25% of jewelry sales are branded from 15% in 2007 — compared to about 50% for watches and 40% for handbags.

It's still fragmented, with the top 10 jewelers below 12%. Yet, the top 10 are capturing a disproportionate share of the growth, and **Richemont** is well-positioned. It is appealing to a younger audience. They estimate that over 40% of their sales globally were derived from customers under the age of 35. A major portion, of course, is from Asia. They own some of the most recognizable iconic heritage jewelry lines.

We don't view jewelry as something that's going to disappear anytime soon. We believe it will have pricing power on these collections, as people want to showcase and signal that, "Hey, I'm worth partnering with," or "I'm valuable," in a world where there's very little time to figure out who to associate with. I don't buy any of these products myself. But there's clearly a huge market for them.

Our excitement is to be tempered with the fact that there's a potential real estate bubble in China, and a lot of growth has been fueled by debt. So there are short- to medium-term risks, but that's what gives us an opportunity to buy in at what we believe are attractive prices. From a long-term view, there's still enormous opportunity. A nice thing is of products and services in their industry at the lowest price possible to scale up. They are the lowest-cost producer at 17 basis points, while their competitors are, in many cases, three to even 10 times higher in their cost structures.

Just like **Amazon**, **Schwab** has a cost of entry or a cost of admission, if you will, with pricing power. **Amazon** has pricing power on the Prime subscription. With **Schwab**, it's the low-cost deposits that attract customers who are willing to sacrifice not earning as much on their deposits because of the value that they see in the suite of services and products they can gain access to on **Schwab's** platform. They're less aware of the opportunity cost on the deposits as opposed to if it were a hard cost that they see. With the low-cost deposits, of course, they're able to reinvest it into margin loans and other low-risk assets and earn a spread.

1-Year Daily Chart of Charles Schwab Corporation

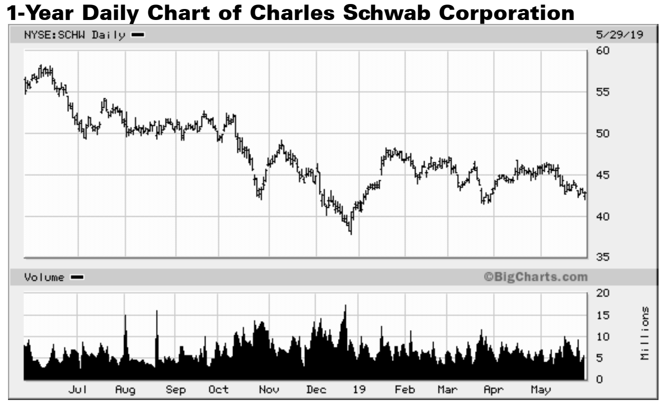

Chart provided by www.BigCharts.com

"I've heard that over 50% of mutual fund managers don't have any capital in the funds that they're managing. We have millions of our own capital invested here along with family money. We are very incentivized to watch the portfolio and seek out the best risk-adjusted returns."

Richemont is net cash. Over 15% of the market cap is in cash, so it is very conservatively capitalized, which gives me a sense of comfort for a company that clearly will be cyclical over time as well.

You brought up financials before.

TWST: Yes.

Mr. Yacktman: I would say that one of the greatest opportunities right now, again, are when there are short to medium concerns but the long-term picture remains intact. We have seen lately that investors are now going from thinking interest rates are going to continue marching along to investors who are now spooked with a flattening yield curve or that the next move in interest rates could even be down. This has caused them to reassess financial earnings in the sector, which we believe has provided a buying opportunity in **Schwab** (NYSE:SCHW). The long-term picture remains intact.

We view **Schwab** as essentially the **Amazon** (NASDAQ:AMZN) of the financial world. What I mean by that is, just like **Amazon**, **Schwab's** strategy is to offer the largest selection

Like **Amazon**, **Schwab** now has such a large user base. They have pricing power to third-party sellers. In other words, mutual funds are willing to pay a lot to list on their platforms because they know that then they gain access to users. They essentially get access to the supermarket shelf. So while asset allocation in and of itself is a commodity service, and no question prices are being driven down in the industry, **Schwab** has indirect pricing power through their low-cost deposits and their fees to third-party sellers.

As I outlined in regard to long-term volume growth opportunities, their total client assets as a percentage of all financial assets is still small, but they've been growing and collecting assets at a torrid pace of over 8% per year for the last 12 years. Banking deposits have grown nearly 30% per year over the last 12 years. There's still a long runway because they are less than 2% of total U.S. banking deposits. Overall, they'll essentially be like a toll taker on growing global wealth, as the assets that they're lending out against are essentially growing with global wealth.

TWST: In summary, why would somebody invest in this fund versus another one that was similarly constructed? What are the top distinguishing features?

Mr. Yacktman: One is I've heard that over 50% of mutual fund managers don't have any capital in the funds that they're managing. We have millions of our own capital invested here along with family money. We are very incentivized to watch the portfolio and seek out the best risk-adjusted returns.

Second, I am not aware of any other portfolio managers who are laser-focused on identifying businesses with pricing power, which I view as the most important thing to lead to outsized returns over time. Very few investors are seeking out long-term dominant businesses. They view them as boring, whereas we get excited to identify businesses that we believe will continue to dominate over the long run. The key to beating the market over time, in our opinion, is to identify businesses with pricing power and to avoid losses.

We have proven to have a strong track record historically. We opened our separately managed account business at the end of 2007, where we have an 11-year history. We can explain why we believe this strategy is repeatable.

The third point that came to my mind is that I'm unaware of any other mutual fund that employs this distinct option strategy, whereby we are selecting option writing on individual securities. There is an intense focus on individual security selection and then writing options on those individual securities. I've seen others write options on entire indices or do it mechanically, but we're actually making a much more objective decision on the businesses we are choosing to write options on. We view this option enhancement component as reducing risk to the portfolio, yet still providing a way, in our opinion, to enhance returns.

TWST: Thank you. (KJL)

BRIAN YACKTMAN
Chief Investment Officer, Portfolio Manager & Principal
YCG, LLC
3207 Ranch Road 620 S.
Suite 200
Austin, TX 78738
(512) 505-2347
www.ycginvestments.com

Morningstar ranked YCGEX in the top 3%, 2% and 3% out of 1398 1197 and 1065 for the Large Cap Blend Category for the one-, three- and five-year periods ending 5/31/2019, respectively. Morningstar Rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. The information contained herein (1) is proprietary to Morningstar (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any sue of this information. **Past performance is no guarantee of future results.**

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Performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investment returns and principal value will fluctuate, and when sold, may be worth more or less than their original cost. The Fund imposes a 2.00% redemption fee on shares held less than 30 calendar days. Performance data does not reflect the redemption fee. If it had, returns would be reduced

	Calendar YTD	*One Month*	*Three Months*	*One Year*	*Three Yea*	*Five Year*	*Since Inception*
YCGEX	*17.61%*	*2.29%*	*17.61%*	*11.51%*	*13.36%*	*11.00%*	*13.08%*
S&P 500	*13.65%*	*1.94%*	*13.65%*	*9.50%*	*13.51%*	*10.91%*	*14.24%*
S&P GBMI	*12.29%*	*1.08%*	*12.29%*	*2.18%*	*11.11%*	*6.86%*	*9.54%*
Any period greater than one year is annualized. Performance is as of 03/31/2019.							
Date of Inception for the YCG Enhanced Fund is December, 28, 2012. Gross expense ratio 1.24%.							
The S&P 500 Total Return Index and the S&P Global Broad Market Index (GBMI) are unmanaged but commonly used measures of commons stock total return performance. One may not directly invest in an index.							

Mutual fund investing involves risk. Principal loss is possible. The fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests primarily in equity securities without regard to market capitalization, thus investments will be made in mid and smaller capitalization companies, which involve additional risks such as limited liquidity and greater volatility. The Fund may also write put options and covered call options on a substantial portion of the Fund's long equity portfolio, which have the risks of early option contract assignment forcing the Fund to purchase the underlying stock at the exercise price which may be the cause of significant losses due to the failure of correctly predicting the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. Covered call writing may limit the upside of an underlying security. The Fund may also invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated, non-rated and distressed securities presents a greater risk of loss to principal and interest than higher-rated securities.

The YCG Enhanced Fund is distributed by Quasar Distributors, LLC.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contain this and other important information about the investment company, and it may be obtained by calling 1-855-444-9243, or visiting www.ycgfunds.com. Read it carefully before investing.

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Top Ten Holdings as of 03/31/2019	% of Net Assets
Mastercard, Inc.	6.6%
CBRE Group, Inc.	5.9%
Moody's Corp.	5.8%
Alphabet, Inc.	5.5%
AON, PLC	5.2%
MSCI, Inc.	5.2%
Colgate-Palmolive Co.	5.0%
Nike, Inc.	4.4%
Marsh & McLennan Co.	4.2%
Charles Schwab Corp.	4.1%

Definitions

Put options – A put option is an option contract giving the owner the right, but not the obligation, to sell a specified amount of an underlying security at a specified price within a specified time frame.

Covered calls - If the owner of the underlying security, sells a covered call, it sells the right to the holder to buy an underlying security at a specified price, before the option expires.

ROC – Return on Capital. This is a probability ratio that measures the return that an investment generates for capital contributors i.e. stockholders and indicates how effective a company is at turning capital into profits.

ROE – Return on Equity. This is a measure of financial performance calculated by dividing net income by shareholder's equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets.

Basis Point - a basis point is a unit of measure used in finance to describe the percentage change in the value or rate of a financial instruments. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Cash flow - the cash generated by a business from operations that is left over after spending on maintenance capital expenditures and acquisitions that are required to protect the business. In other words, it's the cash flow from operations that is free and clear to be distributed to shareholders in the form of dividends and share repurchases, and/or to be allocated towards ways to grow the existing business through means such as "growth" acquisitions or new capital expenditures, and/or simply to pay down debt. Typically, we calculate this by looking at a normalized view of net income plus depreciation and amortization minus the maintenance capital expenditures and acquisitions that are required to protect the business, adjusted for often overlooked items such as pensions, stock option expenses, and leases.

Downside Capture Ratio – a downside capture ratio of less than 100 indicates that a fund has lost less than its benchmark in periods when the benchmark has experienced negative returns.