REPRINTED FROM OCTOBER 5, 2020

THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Looking for Companies with Network Effects and Enduring Pricing Power

BRIAN YACKTMAN is Chief Investment Officer, Portfolio Manager of YCG Enhanced Fund and Founding Partner of YCG, LLC. Mr. Yacktman has served as Chief Investment Officer and Portfolio Manager since the inception of the fund. Prior to founding YCG in 2007, 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.

ELLIOTT SAVAGE is Portfolio Manager of YCG Enhanced Fund and Partner of YCG, LLC. Mr. Savage has served as Portfolio Manager since the inception of the fund. Prior to joining YCG in 2012, Mr. Savage was a senior analyst at Highside Capital Management, a multibillion-dollar long/short equity hedge fund located in Dallas, Texas. Prior to joining Highside in 2003, Mr. Savage worked as an investment banker at Salomon Smith Barney in New York. Mr. Savage joined Salomon Smith Barney from the University of Virginia where he was an Echols Scholar and graduated with distinction with B.A.s in both economics and cognitive science and a minor in biology.

SECTOR — GENERAL INVESTING

TWST: Describe the YCG Enhanced Fund (MUTF:YCGEX) for us briefly.

Mr. Yacktman: Firmwide, we currently manage just shy of $1 billion assets under management. We started the firm back in 2007, managing separately managed accounts, and we have beaten the S&P 500 Index on an annualized basis since our inception.

Then in 2012, we rolled out the YCG Enhanced Fund, an open-end mutual fund. We are probably most proud about not just having the market-beating returns but having done so with favorable risk statistics. The essence of the fund is: We are on the hunt for global champions that have enduring pricing power and a long runway for volume growth opportunities that are conservatively capitalized and preferably with owner-minded management.

Mr. Savage: And to add, the AUM of the fund is about $390 million as of August 25, 2020.

TWST: This fund is fairly concentrated. What is the rationale behind the number of holdings and turnover rate?

Mr. Yacktman: I want to go back to elaborate briefly on the simple concept of enduring pricing power, as it is a fairly loaded word. What we are really after are businesses that, in a world of competition and innovation, continually earn a high return on their tangible assets or owner's equity over long periods of time.

Competition and innovation step in and drive down pricing. We are looking for businesses where, regardless of the competition that may come their way, there is something unique or special about them, and this allows them to maintain pricing power in the face of competition and innovation. We find that most often among businesses that exhibit some

form of network economics. I can come back to your question now.

Mr. Savage: One additional point I would just interject is, what is good from our perspective, on owning those sorts of businesses, is it enables us to participate in the global wealth creation of people everywhere, but then it also does a good job of performing well on the downside during difficult time periods, like we are experiencing today with COVID. We think it gives us a really good shot of outperforming the market because investors tend to be overconfident, avaricious and impatient. They want to get rich quick. They are overconfident about their abilities to pick the kind of riskier stocks that can get them rich quick and faster. We think that in general these types of businesses that have these high and sustainable long-term returns tend to be undervalued by the market.

TWST: Can you touch on the holdings and turnover?

Mr. Yacktman: There are just over 30 holdings. We're not specifically trying to stick to just a certain amount of holdings. We are viewing it more as having diversified and hopefully somewhat uncorrelated bets.

We view the portfolio in multiple baskets, such as the luxury goods basket, which is made up of four different stocks, almost like a custom-made luxury goods company, or we have our payment processing slice, or we have our insurance brokerage slice or real estate slice or online advertising and businesses that act as a tax on businesses. We have an auto salvage and auto insurance slice, the staples slice, the cosmetics and skin care slice, athletic shoes and sportswear, and banking. All of these slices tend to be maybe around 4% to 7% of the portfolio. In our mind, it is almost like having 15 different bets in the portfolio, so again, we are trying to have them be uncorrelated to have a diversification of cash flows both geographically as well as product diversification.

Mr. Savage: We also have diversification against various macroeconomic factors. We want to have stocks that can kind of do well if interest rates are low and will do well if interest rates are high and in recessions as well as in strong economic periods.

Our core fundamental macro belief is that over the long term, global wealth will continue to rise as a result of human innovation and more and more people communicating together and exchanging ideas but that, along the way, there can be bumps in the road and neither we, nor anyone else for that matter, can predict when those bumps are going to occur, where they're going to occur or how big they'll be. And so having this diversification enables us to hopefully move forward no matter what the future holds.

Highlights

Brian Yacktman and Elliott Savage discuss the YCG Enhanced Fund. They look for holdings for the fund that are global champions with enduring pricing power and a long runway for volume growth opportunities. Mr. Yacktman and Mr. Savage want businesses that can maintain pricing power in the face of competition and innovation. They say this is most often found in companies that exhibit network economics and that these companies tend to be undervalued by the market. Mr. Yacktman and Mr. Savage build the portfolio with diversified and uncorrelated bets. They diversify geographically, across product and against macroeconomic factors.

Companies discussed: Alphabet (NASDAQ:GOOG); Facebook (NASDAQ:FB); Exxon Mobil Corporation (NYSE:XOM); Mastercard (NYSE:MA); Adobe (NASDAQ:ADBE); MSCI (NYSE:MSCI); Copart (NASDAQ:CPRT); Verisk Analytics (NASDAQ:VRSK); Moody's Corporation (NYSE:MCO); Hermes International SCA (OTCMKTS:HESAF); Amazon.com (NASDAQ:AMZN); S&P Global (NYSE:SPGI); Walt Disney Co. (NYSE:DIS); Intuit (NASDAQ:INTU); Microsoft Corporation (NASDAQ:MSFT); JPMorgan Chase & Co. (NYSE:JPM); Bank of America Corp. (NYSE:BAC); Wells Fargo & Co. (NYSE:WFC) and Charles Schwab Corporation (NYSE:SCHW).

Mr. Yacktman: In regard to turnover, it's historically been fairly low. We think in terms of trying to buy a business that we are willing to own for the next decade or longer, and our turnover actually reflects that. We've had years where our turnover is less than 10%.

What would create a higher turnover rate is, for example, back in 2008 and 2009, we probably experienced something like maybe 50% turnover, but what generally creates higher turnover is volatility in the markets that provides opportunities, or our thesis has changed. Basically, what I'm saying is, it's either the market is wrong, giving us an opportunity, or we were wrong, and we want to switch things out.

A third reason would simply be because the forward rates of return are more attractive elsewhere. We do tend to be fairly concentrated, and part of that reason is because when you are looking for businesses that have true enduring pricing power, that narrows the universe down to just a couple hundred businesses. They're very difficult to come by. This criterion immediately shrinks the universe, and now, you want to find the best, the most attractively priced and the most diversified collection of these global champions.

TWST: You were talking about slices, but I want to make the point that I don't believe you are speaking in any way of a top-down approach other than looking for the pricing power and other metrics, correct? You were just using this expression to describe the current holdings because a basket currently exists and you were describing its contents, right?

Mr. Yacktman: Correct. Thank you for clarifying that. We want to be aware of the macro and the potential outcomes that are out there based on history and what could happen and to build a portfolio that is robust against potential macroeconomic outcomes, but we do not try to predict macroeconomic outcomes nor are we looking top down to drive into the positions we are going to own.

Having said that, we do look for attractive industries that have proven to maintain their share of GDP over time that are basically growing at least as fast as, if not faster than, GDP. A lot of industries are shrinking and becoming smaller portions of GDP over time. That is going to create a headwind to your pricing power.

In contrast, take the advertising industry. If your competitor's advertising a lot, you need to advertise a lot. Therefore, what you see is, advertising has maintained its share of GDP at about, let's just say, 1% of GDP over time. Then, if you can find businesses that maintain pricing

power, like **Google** (NASDAQ:GOOG) or **Facebook** (NASDAQ:FB), due to their network effects, that allows them to essentially become a toll taker on global advertising.

Another example would be insurance brokerages where the insurance industry has maintained its share of GDP over time, more or less. It almost looks like a sine or cosine wave, as insurance premiums harden and soften over time, but it has maintained its share more or less over time. And then, these insurance brokerages, due to their strong networks and sticky relationships, maintain their pricing power on global insurance activity. It is almost like these businesses have built-in growth that's indexed to GDP plus.

Mr. Savage: I would just make the point that if you look across the whole portfolio, essentially what we are looking for is dominant networks in industries that are growing at least as fast as GDP over time, and that's kind of the connector across almost all of the positions in the portfolio. A quick point on why network effects are so powerful. The reason is that value scales exponentially relative to the size of the network. The bigger the network gets, the harder it is to compete against the business.

Mr. Yacktman: It is all cap and global. In saying that, when you scour the universe for companies that fit our metrics, it narrows the universe down quickly. That is not to say there are only two guys trying to analyze 15,000 securities; that would be nuts. But we basically have tried to identify the most reasonable approach to succeed over the long run in a great risk-adjusted manner. By following these guardrails, we feel that it keeps us safe and narrows the universe down to just this basket of a couple hundred businesses to keep our eye on.

Mr. Savage: It also makes it a much more tax-efficient strategy to do it this way for those taxable investors. We think these businesses tend to be consistently underpriced. We can hold them for a very long time and still hopefully generate excess returns over time.

Mr. Yacktman: One benefit Uncle Sam gives you is that he will not tax you on the capital appreciation of the businessess you own until you sell. Then clearly, you want to structure a strategy that allows you to own a business so that you can compound on Uncle Sam's money over long periods of time.

"But we basically have tried to identify the most reasonable approach to succeed over the long run in a great risk-adjusted manner. By following these guardrails, we feel that it keeps us safe and narrows the universe down to just this basket of a couple hundred businesses to keep our eye on."

And that's very different than something like an **Exxon Mobil** (NYSE:XOM) where it is based much more on a scale advantage and low-cost advantage. As the business gets bigger, the scale advantage starts to turn into diseconomies of scale as it gets more bureaucratic. It doesn't have that exponential growth in value that these network-effect businesses do, and that is why we are so attracted to them. That is why they are so conducive to having this enduring pricing power over a long time period.

Mr. Yacktman: The best part is, investors tend to undervalue these growing companies when they are compounding at high rates of return. It may not look or appear so on the surface, but it is true.

Take, for example, **Mastercard** (NYSE:MA) or **Adobe** (NASDAQ:ADBE). These are businesses that trade at really high valuation multiples, but they can essentially grow without requiring excess capital — in other words, without much capital reinvestment. There is so much excess cash flow that spews off onto the shareholders, and yet they can still grow and continue to compound.

Even though it appeared perhaps expensive three, four or five years ago, they're compounding at 20% to 30% per year because of these powerful network economics. They are so difficult to disrupt. They are difficult to drive down the pricing power of and almost indexed to GDP with this long runway of growth. In hindsight, they should have been trading at scores higher of a valuation multiple given their dominance, excess cash flow and ability to maintain high compounding rates of return.

TWST: What other descriptors or criteria would you use to describe the fund in terms of consistent elements? I believe one of them is that you could look at any cap size.

1-Year Daily Chart of MSCI

Chart provided by www.BigCharts.com

TWST: Is it fair to say though that you tend to lean toward the larger caps because you are focused on pricing power?

Mr. Savage: Yes, again, though when we first bought **MSCI** (NYSE:MSCI), which is one of our largest positions, it was a small cap. It is definitely not required, but in the majority of cases, a dominant network in a big industry is going to be pretty big.

Mr. Yacktman: Two other examples are **Copart** (NASDAQ:CPRT) and **Verisk** (NASDAQ:VRSK). Both of those are midcap-type stocks as we entered them. What's in common here is the inability to successfully create a competitor.

Copart, they are the largest auto salvage auction company in the world. You could create an identical competitor to **Copart** that has the online website and said, "Come salvage your cars here. We'll take care of buying and selling." It's almost like an eBay for salvaging cars. But just because you create it doesn't mean the buyers and the sellers show up. They have the marketplace. An identical competitor could underprice **Copart**, and yet they likely still would not show up because **Copart** is where the action happens.

1-Year Daily Chart of Copart

Chart provided by www.BigCharts.com

So **MSCI** acts as that global language to communicate benchmarks. **Moody's** (NYSE:MCO) acts as the global language that people understand when rating bonds, or **Adobe** is the language for digital content creation. There are sometimes legit network effects that you can see because **Facebook** has billions of users, but many network effects happen through that protocol effect that becomes a global language. That's very difficult to disrupt.

The other one I wanted to mention was a belief network effect, so take luxury companies, right? **Hermes** (OTCMKTS:HESAF) becomes a global language to convey wealth and status. So a lot of these luxury symbols, we feel that brands are more valuable when it's connected to social status, but if the brand is only to convey information, because search costs are coming down, those brands are becoming less valuable over time.

For example, **Amazon** (NASDAQ:AMZN) provides all these reviews. Historically, we were all subject to the same jingles on the TV. But now, if you go on **Amazon** and say, "I'm looking for diapers," would you maybe be more willing to try a competing brand that's cheaper if you know that it's got 10,000 five-star reviews? So as search costs come down, it puts more pricing pressure on brands that serve purely as information filters.

Mr. Savage: Compare that to an **Hermes** where the new world is actually in many ways benefiting them. So **Hermes**, you can think of it as a global network of consumers who strongly associate the brands with wealth, status and culture. The more connected the whole world gets in terms of everyone being able to see the same status symbols, the more their brand actually becomes valuable. And so social media and things like this have actually probably accelerated the growth of brand value of the luxury goods companies.

Mr. Yacktman: Prior to coronavirus, China was having a new billionaire every three days, 350 millionaires per day, but it's not just the upper class. They're projecting, in the next decade, 2 billion more people

"Again, it's got those two components: a very dominant protocol network effect in an industry that's growing significantly faster than GDP and with secular trends that enable it to grow even faster than the industry."

Similarly, **Verisk**, it's very difficult to create a competitor because they have a collection of all this data that's a co-op between all these insurance companies, and they're the repository for all the data that becomes mission-critical to price insurance. So these are special businesses that are able to maintain their pricing power, and yet they are certainly much smaller businesses than your megacaps like a **Google** and **Facebook**.

Mr. Savage: In **MSCI's** case, it's one of the largest index providers in the world. Essentially, they're the industry standard that people in the asset management industry use to communicate about and benchmark performance. It is called a protocol network effect, and it makes it very hard for anyone else to come in and disrupt them.

They're also benefiting from the fact that the asset management industry is growing. The capital markets are growing faster than GDP over time. They benefit a lot from these trends, such as the trends toward indexing, ESG investing and emerging markets where they're strongest. Again, it's got those two components: a very dominant protocol network effect in an industry that's growing significantly faster than GDP and with secular trends that enable it to grow even faster than the industry.

Mr. Yacktman: Because you were asking about common themes, Elliott mentioned the protocol effect, a protocol network effect. I almost view it as calling it a global language. For a lot of these businesses, a common theme is, there's a common protocol network effect through a global language.

1-Year Daily Chart of Verisk Analytics

Chart provided by www.BigCharts.com

being added to the global middle class. This puts all these people who don't know each other in contact with each other. As Elliott was saying, the value of that filter of being able to tell who's in your tribe, so to speak, and your status within that tribe is getting even stronger.

TWST: What would you say to somebody who pushed back and said, "Well, a lot of the businesses you might be looking at are engaging in rent-seeking behavior, and they are maybe going to be vulnerable to not only disruption but any changes in regulation. Take the analogy of taxicabs being susceptible to Lyft or Uber." What would you say to that?

Mr. Savage: First, many of these products are offered for free to consumers. So ultimately, the consumer decides whether or not the product is valuable and whether or not they want to be a part of it. These businesses have to compete for those users, and the fact that people are still adding themselves to the network shows that they're providing more value than they're taking away.

Now, have they made mistakes? For sure. Do people sometimes engage in rent-seeking behavior? For sure, but I think that, on the whole, these businesses, because of the value of networks and the value of the connections that people are able to make, are still outweighing any negatives coming from the platforms.

Mr. Yacktman: Yes, it has slightly. We have become much more cognizant of what happens to a business if there is no revenue for an extended period of time. So back in March, it was the first time in my life I ever had to think in terms of what is the lifeline this business has on zero revenue. We certainly have realized we wanted to be owners of businesses that can make it through. We have always thought that way. We want resilient businesses that are conservatively capitalized, but we just became extra attuned to that fact.

Mr. Savage: Yes, I would say that we haven't had to make too many changes because we did recognize the value of resilience, and so we really recognize the value of having net cash on the balance sheet or having big advertising budgets that you could cut or being larger and having more access to capital markets. We were in a good position from our perspective going into the crisis, but I think it's just made everyone more aware that even things that traditionally could have been considered recession-proof, in unusual circumstances, may not be. It is showing the value of diversification of cash flows even more.

Mr. Yacktman: Disney (NYSE:DIS) is an example; that's a business that we believe will continue to have strong pricing power. You see it just at their parks. They've compounded the price of their entrance tickets at 7.5% for like 40 years, and their ability to connect and make multigenerational content and constantly create box office hits is pretty impressive. It used to be the movie business was almost like digging for oil wells, but they've proven their ability to create content that's appealing and have hit after hit.

They have this flywheel effect where it's in the parks, it's on the media content, it's the consumer merchandise. And the brilliant thing is that their CEO, Bob Iger, comes along and says, "We see the writing on the wall; we need to disrupt our own business," and he starts to create the pathway for Disney+.

We had a very small position because it is difficult to ascertain the economics and the profitability in the new world with this type of business model, but we felt confident that there would be some form of pricing power that the economics would work out, but when coronavirus hit, we realized, "Do we really want all of this leverage?" They just purchased Fox and had all this debt. They have the leverage that just stems from having all these assets, the cruise lines and the amusement parks.

We just said, "This is not something we want to be a part of." We'd much rather own extremely well-capitalized businesses like **Mastercard**, **MSCI**, **Moody's**, **Adobe**, **Intuit** (NASDAQ:INTU) and **Microsoft** (NASDAQ:MSFT), where we see much more recurring subscription-like cash flows that should be able to perform well regardless of the outcome of coronavirus.

"We were in a good position from our perspective going into the crisis, but I think it's just made everyone more aware that even things that traditionally could have been considered recession-proof, in unusual circumstances, may not be. It is showing the value of diversification of cash flows even more."

Mr. Yacktman: To illustrate an example, the government really wanted to break up **Moody's** and **S&P** (NYSE:SPGI) after the Great Recession and the housing crisis because they were a part of the problem in issuing AAA bond ratings that were not truly AAA and the potential conflict of interest that's there. They had hoped that lots of competitors could come in and change up that industry dynamic and makeup. But **Moody's** is such a key information filter and a global language.

They charge approximately 7 basis points to rate their bonds, but it's likely saving the bond issuers 30 basis points to 50 basis points in annual borrowing costs because it is that global language that bond buyers understand. So clearly, the value proposition is there. If you don't put a **Moody's** rating on it, and your bonds are going to cost 30 basis points or 50 basis points more, that tells you that while it may appear to be a rent-seeking-type business, there's clearly more value there than is being charged. That is a fact presented by the marketplace.

Mr. Savage: Right, we would definitely contrast that with something like health care where there are many businesses that because of regulatory arbitrage, essentially, they are able to charge, in many cases, outrageous prices for certain services, and we would be much more worried about getting involved in many of those businesses because we think it's more of a regulatory arbitrage than a network effect that leads to pricing power.

TWST: You mentioned before you might make some changes to the fund, particularly in a time of crisis. Given COVID's going on, have you been managing the fund differently? Has the turnover rate been slightly higher during this year?

TWST: Do you know of any other fund that is like this that operates the way yours does, or do you view this fund as being that unique where there is no real direct competitor?

Mr. Savage: I would say that we know of very few. There are certainly other funds that have a preference for well-capitalized, high-quality businesses, but I would say that we feel our laser-like focus on enduring pricing power and the framework we've constructed to try to evaluate that pricing power puts us in a good position in the market.

TWST: Is there anything else you wanted to add before we end that you haven't commented about in terms of perhaps any of your thoughts about the fund as it stands today, its composition or the way you're running it?

Mr. Yacktman: I'd just bring up the portfolio changes, and one of the things that we look back on with a little bit of regret is our exposure to the banks. We purposely had exposure to the banking industry, which is the opposite of being capital-light. It requires enormous amounts of capital and leverage. But we like the businesses because they do have pricing power in the form of being able to push down deposit costs and earn that spread. Think about it. They are borrowing money at less than the U.S. government. We think it's a pretty special case.

What we especially liked was that should interest rates surprise to the upside, a lot of the portfolio, a lot of the stock market universe for that matter, is loaded with businesses that are trading at very high valuations due to ultra historically low interest rates. Our concern has been, should you have interest rate or inflation surprises to the upside, then those valuation multiples are going to compress pretty rapidly, and we wanted to have something that could act as a hedge in the portfolio against that, and what's beautiful about the banking industry — so we're speaking of the three largest U.S. depositors: **JPMorgan Chase** (NYSE:JPM), **Bank of America** (NYSE:BAC), **Wells Fargo** (NYSE:WFC), with **Wells Fargo** being sort of the contrarian piece, as well as **Charles Schwab** (NYSE:SCHW), the largest discount brokerage — is these businesses are leveraged to rising interest rates.

In contrast to almost all of the other businesses, their earning power would actually increase because we are so close to the zero-bound that it is squeezing their profits. As their profitability increases, likely what would happen is, the multiples that investors are willing to pay for those businesses would also expand, again, in contrast to almost all of the other businesses. So you could get a double benefit to help hedge against the compression you are experiencing in other businesses.

But unfortunately, as anyone can tell, due to coronavirus, interest rates have dropped to zero and may actually go into negative territory, which is an extra negative to them, as well as the fear of bad loans and how this will all shake out. It has been a real drag on the portfolio, and had we exited that portion of the portfolio, we would have looked like geniuses, but we recognize that part of having a hedge in your portfolio means that it won't always work and sometimes can actually be a detractor, and that's what's happened in this instance.

Mr. Savage: Yes, but it's still very consistent with our goal to try to be able to move forward with what we view as attractive rates of return in a variety of economic circumstances. That is kind of our big goal, which is: How do you, since the future is unpredictable, construct a portfolio that will move forward and make money over time no matter what happens? That is what we are trying to achieve.

Mr. Yacktman: And one more point on the banking industry, I don't think people realize how well banks have done ex acquisitions of failing institutions and through the Great Recession. The banking industry as a whole has been profitable in 83 of the last 85 years. It has grown its deposits every year for over 70 years at a pace faster than GDP. Deposits are the raw material that leads to earning power. The question that remains is, what happens with interest rates? It is a wild card, and so that is why we like having this hedge in there.

TWST: Thank you. (KJL)

BRIAN YACKTMAN
Chief Investment Officer, Portfolio Manager & Founding Partner
ELLIOTT SAVAGE
Portfolio Manager & Partner
YCG, LLC
email: info@ycgfunds.com

Past performance is no guarantee of future results.

Opinions expressed are those of the author or YCG Funds, and are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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.

	QTD	YTD	1 YR	3 YR	5 YR	ITD†
YCGEX*	9.03	2.29	11.59	14.01	14.30	13.38
S&P 500® TR	8.93	5.57	15.15	12.28	14.15	14.25
S&P Global BMI TR	8.12	0.73	9.93	6.87	10.47	9.42

Any period greater than one year is annualized. Performance is as of 09/30/2020.

Date of Inception for the YCG Enhanced Fund is December, 28, 2012. Gross expense ratio 1.20%.

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.

Diversification does not assure a profit nor protect against loss in a declining market.

Any tax or legal information provided isn't an exhaustive interpretation of some of the current tax regulations. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Funds nor any of its representatives may give legal or tax advice.

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 09/30/2020	**% of net assets**
Mastercard Inc.	**5.5%**
MSCI Inc.	**5.4%**
Moody's Corp.	**5.3%**
CBRE Group Inc.	**4.3%**
Nike Inc.	**4.2%**
AON PLC	**3.7%**
Verisk Analytics Inc.	**3.7%**
Marsh & McLennan Cos Inc.	**3.6%**
L'Oreal	**3.5%**
Estee Lauder Cos. Inc.	**3.4%**

Definitions

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.

ESG - Environmental, social and governance criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature.

© 2020 The Wall Street Transcript, 622 3rd Avenue, New York, NY 10017
Tel: (212) 952-7400 • www.twst.com