INVESTMENT PERFORMANCE (%) as of March 31, 2021

	Total Return				Annualized Return
	Inception	Quarter	YTD	1 Year	Since Inception
Palm Valley Capital Fund	4/30/19	3.60%	3.60%	22.43%	12.39%
S&P Small Cap 600 Index		18.23%	18.23%	95.26%	18.82%
Morningstar Small Cap Index		11.62%	11.62%	89.97%	17.70%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be higher or lower than the performance quoted. Performance of the Fund current to the most recent quarter-end can be obtained by calling 904-747-2345.

As of the most recent prospectus, the Fund's gross expense ratio is 7.27% and the net expense ratio is 1.27%. Palm Valley Capital Management has contractually agreed to waive its management fees and reimburse Fund operating expenses through at least April 30, 2021.

Mania

"Don't you know that most people take most things because that's what's given them, and they have no opinion whatever?...

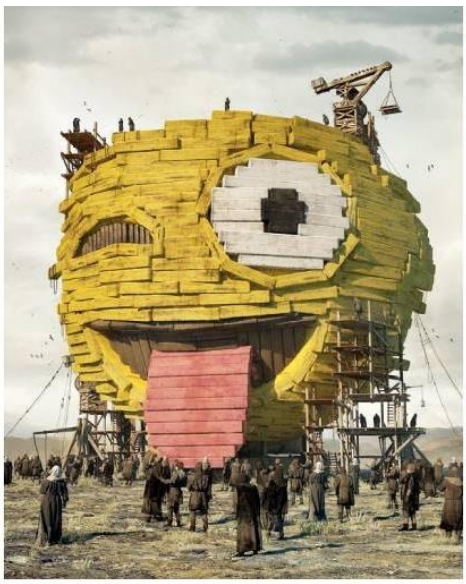
You must only be patient. Because on your side you have reason...and against you, you have just a vague, fat, blind inertia."

The Fountainhead (Ayn Rand)

April 1, 2021

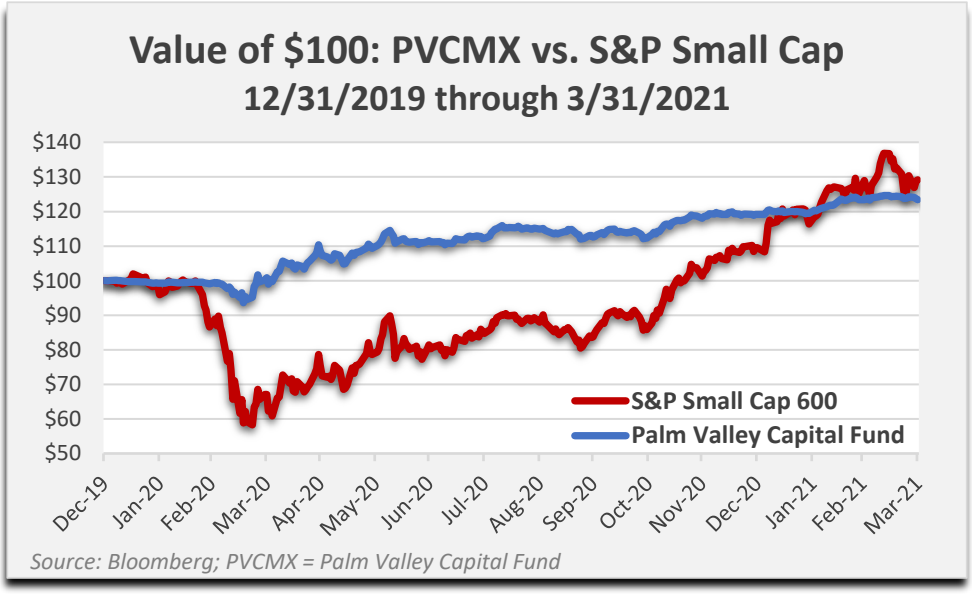
Dear Fellow Shareholders,

This time last year, the world was gripped with coronavirus lockdowns, plummeting employment, and extreme uncertainty. The government scrambled to provide assistance to the U.S. economy and capital markets through the CARES Act and a litany of measures by the Federal Reserve. Stocks troughed in mid-March 2020, with small caps falling 43% from their peak to reach the lowest prices in five years. *As a result of its defensive stance entering the period, the Palm Valley Capital Fund delivered a small positive return versus steep losses for its benchmarks for the quarter ending March 31, 2020.*



Beeple's "Everydays: The First Emoji"

Today, the pandemic is dissipating, consumer spending has fully recovered, employment is slowly healing, and there is



considerable investor optimism for what lies ahead. Stocks are near all-time highs, and the riskiest asset classes have exhibited the strongest returns. To seal the deal and maintain economic momentum, the new administration has pressed forward with a stimulus package nearly equal in size to last year's, which was passed during the depths of economic despair. The Fed has kept the pedal to the metal, unwilling to budge an inch on its extremely accommodative monetary policy. *As a result of its defensive stance entering the period, the Palm Valley Capital Fund significantly underperformed its benchmarks for the quarter ending March 31, 2021.*

Our strategy hasn't changed—we are absolute return investors, and our portfolio and performance will reflect our opportunity set and our execution. Over the past twelve months, the investing world flipped from panic to euphoria. As you should expect, **we increased our Fund's investment exposure last spring when stocks fell sharply and valuations improved, and we have reduced risk during the market's warp speed return to bubble territory**. Our investment process strives to avoid large drawdowns, which are more likely during periods of market excess. Over a full market cycle, we aim to deliver attractive absolute returns. When there are fewer opportunities that meet our required return thresholds, we may hold a significant percentage of the Fund's assets in cash equivalents. Since both 2020 and 2021 started with record, perilous small cap valuations, we are pleased the Fund was able to make money for shareholders while incurring less investment risk than our benchmarks.

Americans have more wealth than ever in stocks and mutual funds, and the distribution continues to skew toward the wealthiest. This has prompted radical ideas like Universal Basic Income to creep to the mainstream. Most politicians have concluded that there's no personal downside to ignoring the mounting federal debt. If you divide the latest $1.9 trillion stimulus by every additional unemployed

Distribution of Holdings in Equities and Mutual Funds
Average U.S. Household Ownership

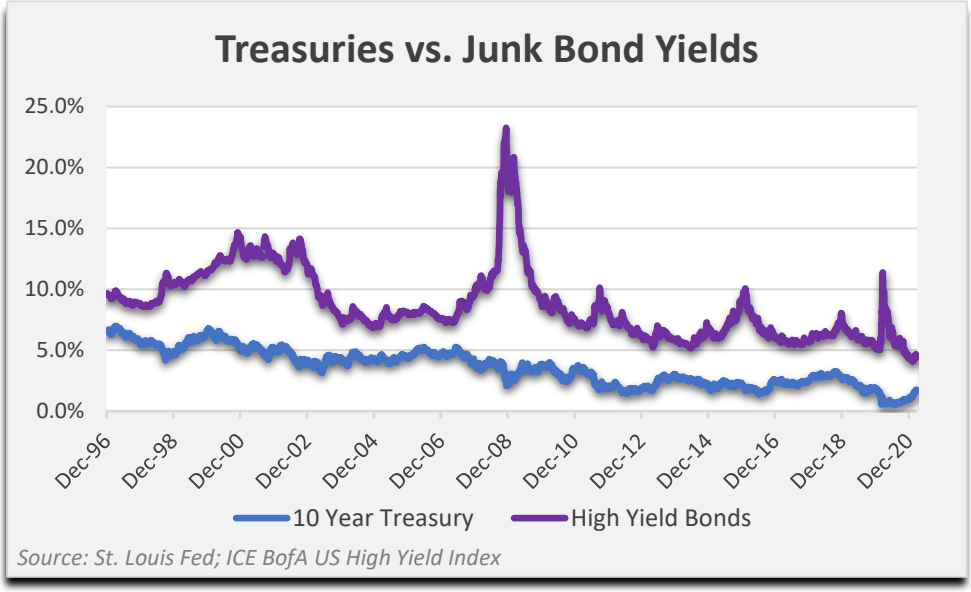
	Top 1%	90-99%	50-90%	Bottom 50%
1990:Q4	$846,305	$89,273	$9,641	$643
1995:Q4	$2,394,181	$173,979	$17,931	$1,414
2000:Q4	$3,696,099	$339,578	$39,635	$2,483
2005:Q4	$4,420,211	$368,596	$35,732	$1,765
2010:Q4	$4,994,130	$437,684	$34,244	$1,531
2015:Q4	$7,930,201	$607,340	$48,761	$2,247
2020:Q4	$13,849,639	$1,027,629	$71,233	$2,958

Sources: Board of Governors of the Federal Reserve, St. Louis Fed

Equity bubbles have been fabulous for the top 10% and meaningless for the bottom 50%.

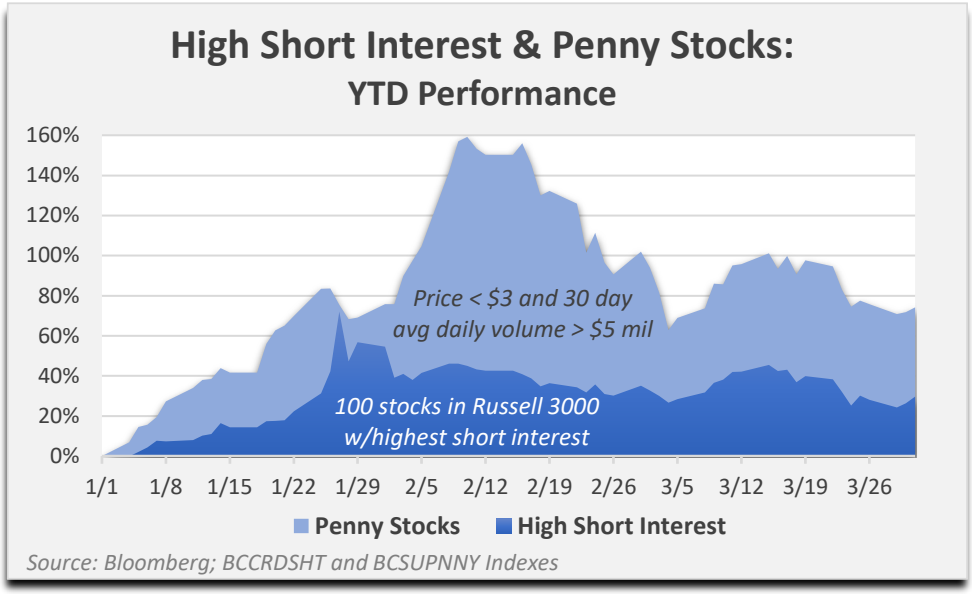
American today versus February 2020, it's $200,000 per head. Add in the other $3 to $4 trillion of previously passed relief spending, and it's obvious we've gone way overboard with a gusher of poorly targeted payouts. Nonetheless, over 70% of U.S. citizens reportedly support the latest round of stimulus checks. Also, over 70% of kids support eating candy for dinner. If each citizen in favor of broad stimulus was required to contractually agree that their children or grandchildren repay their pro rata share of the new debt, with interest, would feelings change?

We'd assume investor support for the Federal Reserve is well over 70%, with most of the remaining holdouts being curmudgeon libertarians, short sellers, and retired savers too stubborn to pivot their nest eggs from impotent Certificates of Deposit (CDs) into frothy equities or other risky assets. To get the same 4.6% yield you could earn on a U.S. Treasury Note during the housing bubble, you have to buy junk bonds today. Nonetheless, whether it's helicopter money or the perception of risk-free investing, we believe most people are taking what's given to them without much critical thought. The longer the bubble exists without totally exploding, the more powerful the fat, blind inertia. Welcome to the mania. Check your "reason" at the door.

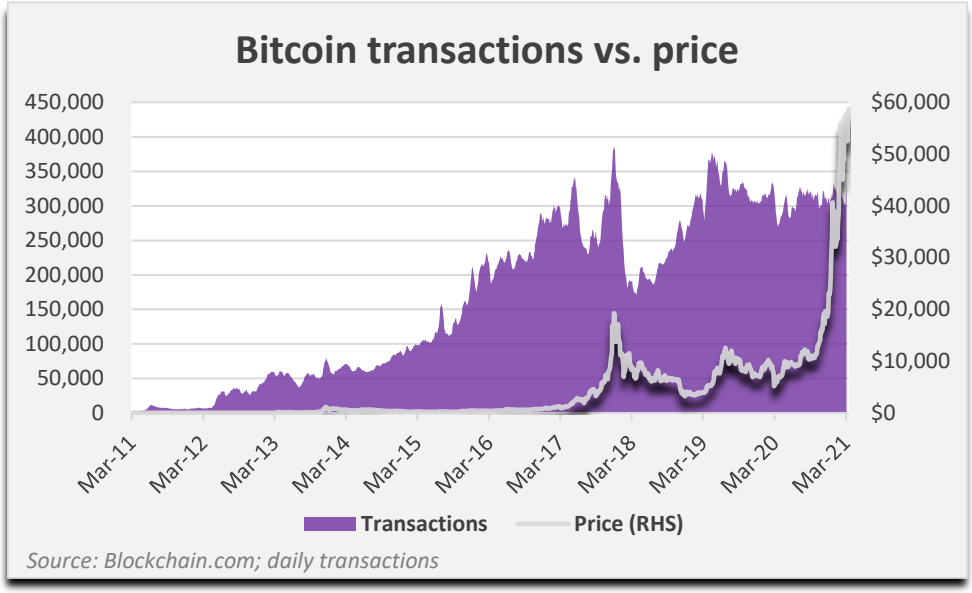


The first quarter delivered oodles of market entertainment. In January, GameStop (ticker: GME) and the stocks of several heavily shorted, struggling companies were launched into the stratosphere by an army of traders from the Reddit message board who were gunning for the mother of all short squeezes. GameStop's stock, which troughed at $2.57 per share on April 3, 2020, and was below $20 as of January 12, 2021, hit $483 on January 28th. That briefly made it the most traded equity on the planet and gave it a market cap exceeding $30 billion, for a company with operating losses and sales down 45% over the past five years. More interesting to us was that GME put options actually *increased* in value on a day when the stock more than doubled. The volatility was epic.

Although the initial first quarter surge in shorted stocks was spectacular, penny stock investors said, "Hold my beer." A Bloomberg index of penny stocks rose almost 160% in the first five weeks of 2021. The fun didn't stop there. SPACs (Special Purpose Acquisition Companies) raised more in the first 10 weeks of 2021 than they have in any prior entire year. These vehicles allow investors to give money to executives to hunt for an acquisition over 18 to 24 months. From flying taxies to undetermined social justice causes, no business model is too outlandish, especially for those with celebrity backers. If the sponsors make a deal, they often receive 20% of the shares of the new entity (the "promote"). That's a powerful incentive to act, and in terms of target opportunities, the timing couldn't be much worse. The average SPAC premium to NAV (i.e. cash in the bank waiting to be deployed) reached an all-time high of 26% in Q1 (Source: Accelerate). Maybe it's a bubble when promoters are choosing SPAC names that mock the entire space, like Just Another Acquisition Corp. and LMF Acquisition Opportunities, ticker LMAO.



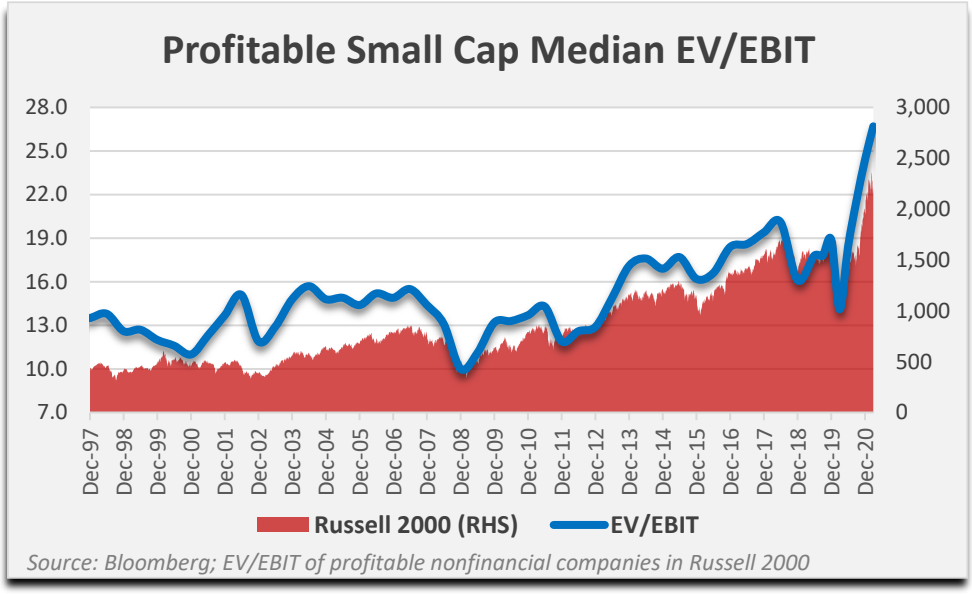
The present extraordinary speculation stretches beyond the equity markets into new assets attached to the blockchain. What started out with noble intentions, such as enabling a decentralized anonymous global payment system, has spawned hundreds of cryptocurrencies that amount to little more than a lottery ticket. The creator of Dogecoin ($8 billion market cap) remarked it was weird that something he made in *a few hours* was now part of Internet culture, after Dogecoin was pumped for sport on Twitter by the world's wealthiest person, Elon Musk. Even Bitcoin, the OG crypto, has morphed from a future alternative to fiat for the early adopters to the favored peacocking accessory of



the nouveau riche. Bitcoin's market cap, now over $1.1 trillion, is fast approaching the value of all silver ever mined in history. Unsurprisingly, owners are increasingly hoarding their crypto as opposed to using it to buy things, which was the original purpose. We will be eager to see where the cryptocurrency space ends up once the speculative elements currently driving it are washed out. Bitcoin was launched in 2009; therefore, it has not yet had the opportunity to prove its durability through a full market cycle.

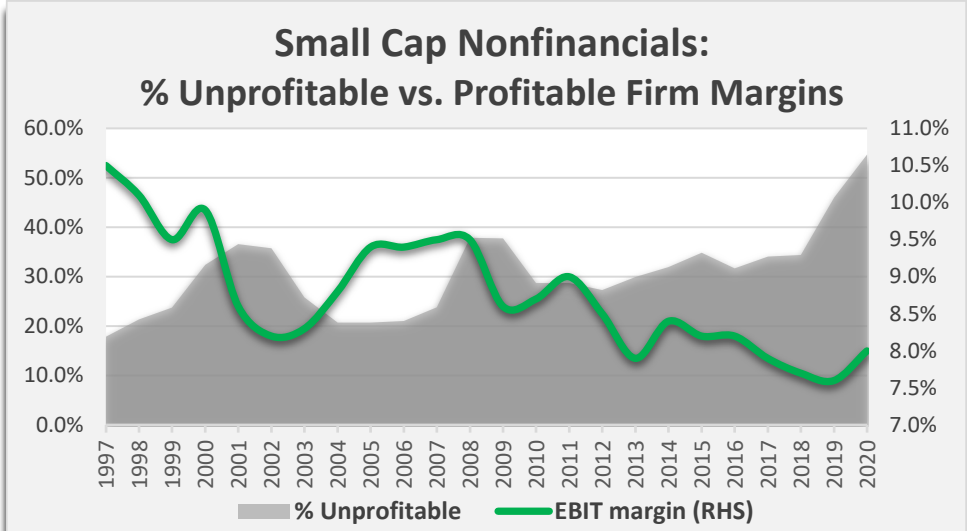
Cryptocurrency wealth is being recycled into NFTs (non-fungible tokens), which are unique signatures on the blockchain. In March, the digital artist known as Beeple sold a JPG for $69 million. While anyone can download this image, called "Everydays," for free, the auction buyer can prove via the blockchain that their copy is the special one that cost a king's ransom. Similarly, Twitter CEO Jack Dorsey auctioned the bragging rights to his first Tweet (below) for $2.9 million. NBA Top Shot has sold the blockchain credentials to tens of millions of dollars' worth of basketball video clips. Notably, the buyers in most of the marquee NFT transactions have been cryptocurrency tycoons. NFT enthusiasts defend the stunning prices paid using comparisons such as prints and reproductions of the Mona Lisa that don't detract from the unique value of the *518-year-old* original. The best analogy might be that NFTs represent a limited autographed copy of an unlimited digital creation. Beauty is in the eye of the beholder, but we're confident NFTs wouldn't be spreading like wildfire if there weren't oceans of money sloshing around from government stimulus and interconnected investment bubbles.

As far as conventional asset classes, **small caps led the charge in the first quarter, building on their spectacular outperformance since the election**. The small cap value bucket dramatically outperformed small growth stocks, which we ascribe to a combination of rising oil prices (energy) and interest rates (banks) and investors' no-asset-left-behind philosophy. The Russell 2000 Index currently sits 30% above its 2020 pre-pandemic high. Small cap performance had significantly trailed large cap returns since the fall of 2018, setting the stage for a rotation once a



narrative (e.g. more stimulus) supported it. Relatively speaking, small caps and value stocks were overdue.

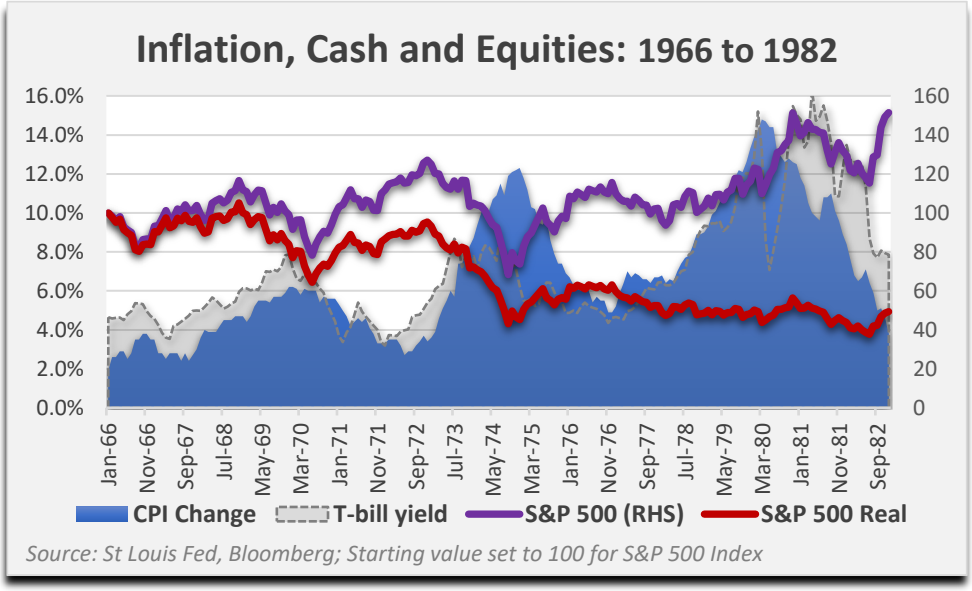
At Palm Valley, we don't invest with a relative lens. In our view, small caps were wildly overvalued to start the year and now sit at even more stupefying levels. Based on almost any objective criteria, aggregate small cap valuations have never been higher than they are right now. **The median EV/EBIT multiple for the 50% of Russell 2000 nonfinancial companies that are profitable is 27x compared to a range of 10-16x during the last two market cycles.** The argument for lower interest rates supporting higher multiples is incredibly flimsy, in our opinion. Low rates are driven by central bank intervention, since bankers fear the economic adjustment that would occur if rates were market-derived. If earning money is a barometer of business quality, then the small cap universe has been degrading for years, with more unprofitable companies and declining operating margins. However, in contrast to the last two recessions, margins expanded for the average profitable firm during 2020.



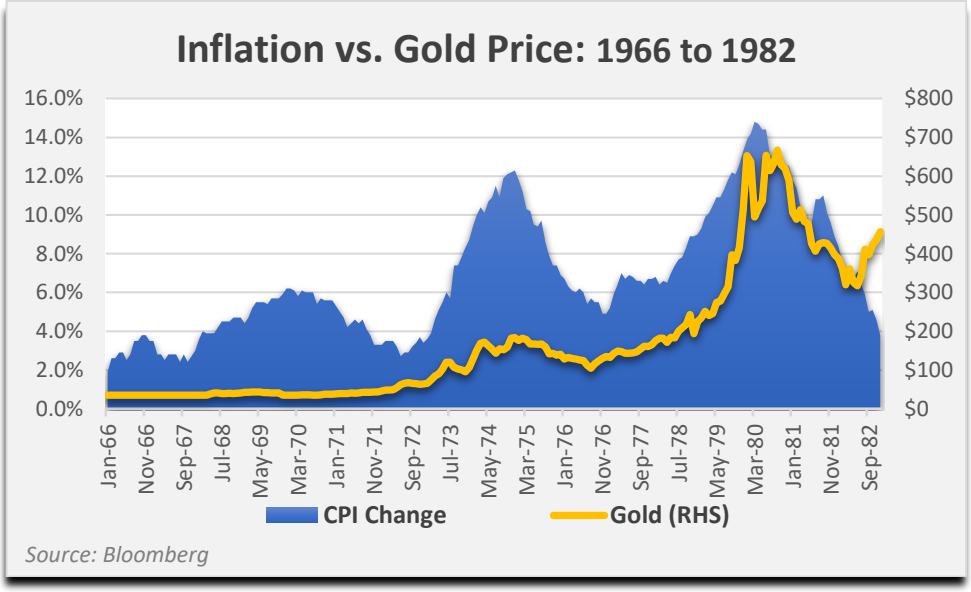
Source: Bloomberg; Median margins for positive EBIT Russell 2000 firms; data as of 12/31

While the stimulus could supercharge results for many businesses this year, Palm Valley doesn't value stocks based on a one-year forward earnings multiple. The value of a business is the discounted stream of its cash flows over its *life*. A one or two-year pop doesn't do much for our valuations, especially since we expect a future hangover when the government is no longer able to incur multi trillion-dollar annual deficits. This economy doesn't continue intact without ongoing intervention, so it becomes a question of when inflation, good sense (…nah), or some unpredictable factor jolts the country back to sustainable footing. The 10-year Treasury yield has increased from an all-time low of 51 basis points last summer to 1.7%—still incredibly low by historical standards, but up enough to cause concern about our tinderbox economy. Unfortunately, there is no painless way out of this mess.

Asset inflation has been unfolding for years. The jury is out on whether record, increasing deficits will bring accelerating price increases to goods and services. Many of those who wish to protect against inflation believe that owning stocks is the best solution. **The last time U.S. CPI rose above the tepid levels of recent years was from the late 60s to the early 80s. Stocks performed very poorly over this period, especially in real terms.** On a nominal basis, the S&P 500 was down 30% nearly nine years into the inflationary era (-50% real). By the time CPI peaked at 14.5% in 1980, the S&P had barely increased in nominal terms over 14 years, and it was down by half when adjusted for inflation. Stocks didn't start healing until Fed Chair Volcker broke the trend of rising prices through aggressive rate increases. The oft-cited Shiller P/E was 24x in 1966 at the start of the inflationary era versus 35x now. The Shiller P/E troughed in 1982 at 6.6x. Prepare for equity valuation multiples to contract if CPI breaks higher.



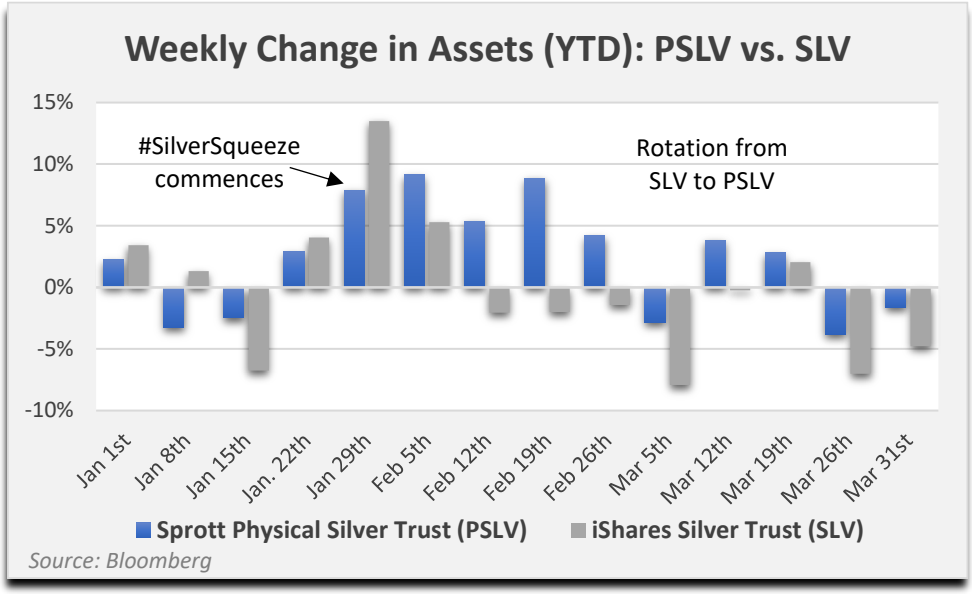
"*But Palm Valley, you hold a bunch of cash, which is guaranteed to lose its value against inflation!*" Those with Treasury Bills (cash) during the 60s and 70s did very well compared to equities and held their ground decently against inflation. Maybe that opportunity won't exist in modern times, depending on how long the Fed would continue suppressing short-term rates in the face of rising inflation. Nevertheless, our portfolio is not static, and **if equities react negatively to broad inflation, as they previously did, we believe there would be chances to deploy capital at better prices**. Lastly, there is another tool against inflation that is relatively out of favor—precious metals. Gold rose 1,800% when it began trading freely in 1971 through the peak inflation of 1980, before partly retreating once price increases slowed. We would not count on a repeat performance given the circumstances then (gold emerged from Bretton Woods peg) and now (gold has performed well as real yields went from 3-4% to negative). Still, we believe the portion of our portfolio allocated to precious metal investments should defend better against potential inflation than equities, which are beginning at peak valuations. Under the right conditions, a little gold and silver can go a long way.



For the quarter ending March 31, 2021, the Palm Valley Capital Fund gained 3.60%, trailing the S&P Small Cap 600 Index (+18.23%) and the Morningstar Small Cap Index (+11.62%). The S&P Small Cap Index's returns were enhanced by its above average exposure to value stocks compared to other benchmarks. The Fund ended the period with 80% of assets held in cash equivalents. The Fund's equity-only performance for the period was 19.10% and benefited from a takeover and solid earnings reports for our larger positions.

During the last three months, we established positions in the Sprott Physical Gold Trust (ticker: PHYS), SSR Mining (ticker: SSRM), Carters (ticker: CRI), and WH Group (ticker: WHGLY). Our largest purchase was the Sprott Physical Gold Trust. Gold prices have struggled in 2021 despite an increase in inflation expectations and continued gains for other assets investors deem inflation hedges. While some investors are selling gold due to rising interest rates, they may be ignoring the possibility that increasing rates are telegraphing higher inflation as opposed to sustainable economic growth.

The Fund has owned the Sprott Physical Silver Trust (ticker: PSLV) since before it became the poster child for the #SilverSqueeze. Once the aforementioned Reddit traders moved on from GameStop, they tried the same play with silver, a much bigger asset to conquer. The goal was to exploit the disconnect between paper and physical silver prices. Many financial products that track silver, including the largest silver ETF, may utilize bullion bank IOUs in addition to, or instead of, their own segregated physical silver. A run on physical silver could present a problem for market participants if they are unable to source and deliver the metal. In contrast, the Sprott Physical Gold and Silver Trusts owned by the Fund are supported by dedicated ounces held at the Royal Canadian Mint. Longer-term shareholders may remember that we owned the iShares Silver Trust (ticker: SLV) a year ago and converted our position to the Sprott Physical Silver Trust in the second quarter of 2020. This switch was initially done for arcane tax reasons relating to open-end mutual funds. However, the more we learned about the Sprott Trust, we felt it probably was the superior vehicle for us to express our views on silver.



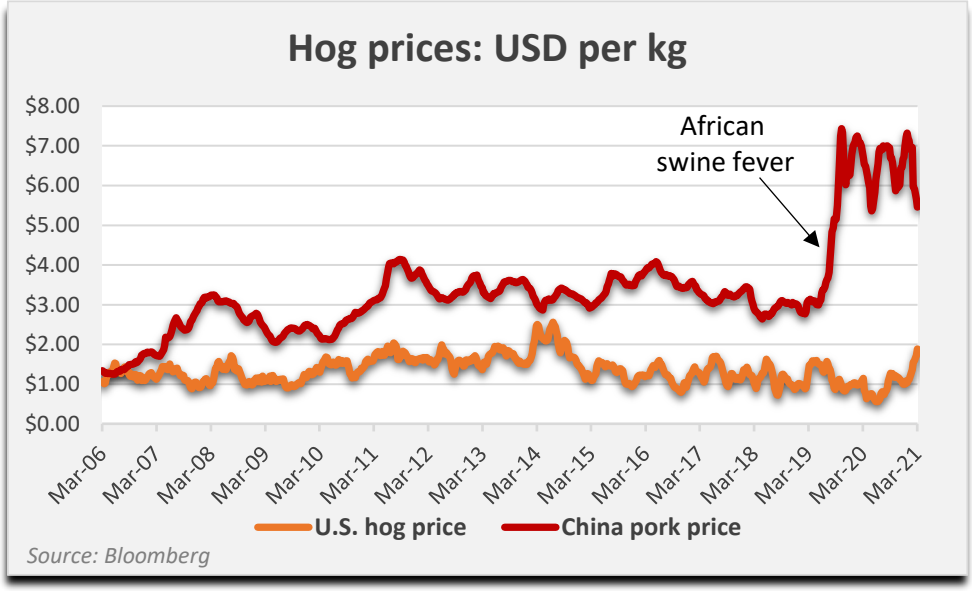
While the Reddit army's silver squeeze flamed out, the spirit of the mission lives on. To purchase a 1 oz. American Silver Eagle from major online bullion retailers today, you pay a premium of $12.99 per ounce over the paper silver price of $24.50. Big premiums have persisted since early 2020. **For retail buyers of physical gold and silver who want to see and feel their metal, the physical price is *the* price.**

As precious metals and precious metal miners underperformed during the quarter, several of the mining stocks on our possible buy list became more attractively priced. After declining 33% from the beginning of

the year, we purchased SSR Mining, an intermediate gold company with four producing mines located in the United States, Turkey, Canada, and Argentina. In 2021, the company expects to produce 720,000 to 800,000 gold-equivalent ounces with all-in sustaining costs of $1,050 to $1,110 per ounce. At current gold prices, we expect SSR Mining to generate meaningful free cash flow this year, adding to its cash balance. Currently, the company's balance sheet is very strong and liquid with $470 million in net cash, $1.2 billion in net working capital, and $3.9 billion in tangible book value. We were happy to purchase SSR Mining at a discount to our valuation of its net assets. In addition to being cheap, we think it's a nice inflation hedge.

Carters, the top seller of apparel for babies and young children, is a longstanding member of our possible buy list. We purchased the stock last year during the initial lockdowns and subsequently sold it after it reached our valuation. Carters' shares fell recently after the company's near-term earnings projection was softer than investors anticipated. The pandemic and associated lockdowns caused a sharp drop in the number of U.S. births, with an estimated 300,000 fewer babies (-8%) to be born in 2021 per the Brookings Institution. We expect births to revert toward long-term averages.

In the spirit of all the pork being fed to the economy, this quarter we fed some pork into our portfolio too. WH Group is the world's leading pork producer. The company is vertically integrated, bringing hogs from farm to table. WH owns 100% of Smithfield Foods, the largest pork company in the U.S., and 70% of Shuanghui Development, China's top pork firm. Recognizable U.S. brands include *Smithfield*, *Farmland*, *Nathan's Famous* (licensed), *Eckrich*, *Armour*, *Margherita*, and *John Morrell*. While it varies by year, the U.S. and China account for a similar proportion of the company's profitability. WH acquired Smithfield in 2013 to facilitate the import of lower cost hogs from the U.S. to fuel rising Chinese consumption. The importance of this transaction has been amplified since African swine fever decimated the Chinese hog herd in 2019. While the profitability of raising hogs is highly cyclical, most of the company's earnings come from selling packaged meats, which is a stable business. Results last year were negatively impacted by spending to protect employees from COVID-19. WH Group's shares are listed in Hong Kong, and there is an ADR for U.S. investors. The firm has a clean balance sheet, the stock is out of favor, and the products WH sells are in demand in all economic environments. We acquired a small position for around 7x EV/EBIT.



Our sales during the first quarter included Sykes Enterprises (ticker: SYKE), Helmerich & Payne (ticker: HP), Bonanza Creek Energy (ticker: BCEI), and Gencor Industries (ticker: GENC). In each case, the securities reached our intrinsic value estimate.

Top 10 Holdings (3/31/21)	% Assets
Crawford & Company (A & B)	3.96%
Sprott Physical Silver Trust	3.38%
Amdocs	2.23%
Protective Insurance	1.69%
Osisko Gold Royalties	1.67%
Sprott Physical Gold Trust	1.47%
Natural Gas Services	1.40%
SSR Mining	1.14%
Scholastic	1.09%
WH Group ADR	0.75%

The three positions contributing most to the Fund's first quarter return were Protective Insurance (ticker: PTVCB), Crawford & Company (ticker: CRD/A, CRD/B), and Scholastic (ticker: SCHL). On February 16th, The Progressive Corporation announced the acquisition of Protective Insurance for a 63% premium to the 30-day average trading price. We owned Protective since the Fund's inception and had been encouraged by gradual progress made on reducing the firm's combined ratio, which in the fourth quarter finally broke below 100%, representing underwriting profitability. Industry conditions for commercial trucking insurers are very challenging because of nuclear jury awards. However, Protective and many of its peers have been aggressively raising premiums and stepping away from undesirable risks. The stock was at 0.6x tangible book value and had not responded positively to improving fundamentals or announcements indicating the possibility of strategic alternatives. We find it ironic that it took a takeover at a large premium for Protective's stock to basically mimic what most other small caps have done anyway since the November election.

Crawford & Company finished 2020 with robust results in its claims businesses and improving trends for third-party administration, which is tied to employment levels. Revenue from weather surge events increased 58% over 2019, lifting Crawford's overall sales by 5% for the year and helping to offset the adverse impact of the pandemic. Management expects to benefit in the first quarter from claims tied to the Texas winter storms. Due to paying down debt and reducing pension obligations, Crawford's financial position is the strongest it has been in years. Crawford's stock had not kept pace with the small cap market's 2020 rally but perked up in January. The shares are currently trading for about 7x normalized EBIT and 12x free cash flow.

Although Scholastic's fiscal second quarter earnings were impacted by a significant reduction in school-based book fairs due to COVID-19 protocols, the trade channel business is excelling, and management has meaningfully reduced the company's expenses. We think the business will recover once the country fully returns to in-person instruction for elementary students.

The only position having an adverse impact of 10 basis points or more for the quarter was the Sprott Physical Silver Trust. Most of the Fund's precious metal positions had a slight negative contribution.

On March 31st, an anonymous short seller named Jehoshaphat Research issued a report accusing Amdocs (ticker: DOX) of accounting fraud, pushing the stock down 11%. Jehoshaphat alleges that Amdocs is overstating earnings based on its review of a limited set of dated foreign subsidiary financials, omitting several major subsidiaries. The company flatly denied the accusations. Many elements of the report were easy for us to refute internally, such as the contention that Amdocs is slowly losing its largest customer, AT&T (revenues from AT&T grew 15% last year). Jehoshaphat argued Amdocs' mid-teens operating margins are overstated by comparing it to call center operators with single digit margins instead of Amdocs' public competitors (e.g. CSG International, Accenture, Tata Consultancy), which generally carry similar or higher margins. Jehoshaphat also appeared to draw erroneous conclusions based on a misunderstanding of certain accounting topics, including the margin impact of unconsolidated intercompany revenues and the way the effective tax rate disclosure is presented in company financials.

Over the five-year period that Jehoshaphat alleged fraud, Amdocs' free cash flow was 108% of its reported net income, and this included above-average capital spending. Since the beginning of fiscal 2016, Amdocs has spent over $3 billion on dividends, net repurchases, and acquisitions. We assume shareholders and the sellers of the acquired firms can verify they received real cash. Also, Amdocs just reported its highest free cash flow quarter ever, by far. Usually, when companies are lying about earnings, you do not see such strong cash flow dynamics. Amdocs is a mature company and has a longstanding complicated organizational structure designed to minimize taxes. We like to keep an open mind about these types of things since we cannot vouch for everything a company says. Nevertheless, we feel there is persuasive evidence against the claims of the short report.

We have received a few shareholder inquiries regarding our Fund's expense waiver. When the Fund had fewer assets last year, Palm Valley Capital Management, our firm and the fund's investment manager, reimbursed the expenses required to run the Fund to keep the overall expense ratio reasonable for shareholders. Your portfolio managers and our families and friends are also significant Fund shareholders. The Fund's last published prospectus (April 2020) shows the waiver expiring on April 30, 2021. We have renewed the waiver for another year through April 30, 2022, limiting the expense ratio to 1.25%. We intend to continue to renew the waiver annually so costs to shareholders never exceed 1.25%.

Thirty years ago, *Lemmings* quickly became one of the most popular video games. Lemmings are small rodents that typically reside in the Arctic tundra. In the addictive game, the player guides a group of anthropomorphic lemmings over obstacles using different skills to alter the landscape. Dig, climb, float, block, build, self-destruct, etc. The goal is to save enough creatures to complete the level. When too many lemmings invade your screen, managing them becomes increasingly tricky. You've probably seen bearish stock market analogies comparing investors to mindless lemmings, since the tiny gerbil-like animals have a reputation for jumping off cliffs en masse. Per the game's instruction manual: "Lemmings are loveable but not very bright."

Turns out, it's a myth that lemmings are prone to mass suicide. However, they often move together in large groups, and some don't make it all the way across treacherous terrain likes rivers or mountains. The lemming cliff dive myth was solidified after the 1958 Disney film *White Wilderness*. According to Britannica, "*Filmmakers eager for dramatic footage staged a lemming death plunge, pushing dozens of lemmings off a cliff while cameras were rolling.*" For an enterprise built around a closely-related rodent—a mouse—that's harsh!

It's a reminder that even institutions that people have grown to love or depend on are willing to use the little guy as a means to an end. Nowadays, the stakes are a lot higher than a phony movie scene. We're talking about political power, economic growth, and a booming stock market. The bigwigs calling the shots in DC, on Wall Street, and in corporate boardrooms across the country only have to fake it long enough to pass the baton to the next person in charge. The bubble expands to maintain the charade of prosperity, until it doesn't.

Unlike the lemmings which had no say in their selection as a motion picture prop, investors generally have free will. Red flags are everywhere, and to us, reducing portfolio risk seems obvious. For those who recognize the historic speculation but opt to fully embrace the mania anyway, we sincerely hope they have not wagered more than they can afford to lose. For capitalism to function properly, there must be consequences for excess. When the investment obituaries are ultimately written for those clear-eyed souls wallowing neck deep in today's frenzy, they will be callous but fair:

> *John Q. Speculator's precarious portfolio, age one market cycle, passed away when risk mattered again, surrounded by millions of other investment accounts. They had it coming.*

Thank you for your investment.

Sincerely,
Jayme Wiggins Eric Cinnamond

Mutual fund investing involves risk. Principal loss is possible. The Palm Valley Capital Fund invests in smaller sized companies, which involve additional risks such as limited liquidity and greater volatility than large capitalization companies. The ability of the Fund to meet its investment objective may be limited to the extent it holds assets in cash (or cash equivalents) or is otherwise uninvested.

Before investing in the Palm Valley Capital Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. The Prospectus contains this and other important information and it may be obtained by calling 904-747-2345. Please read the Prospectus carefully before investing.

Past performance is no guarantee of future results. *Dividends are not guaranteed and a company's future ability to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time. Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security.*

The S&P Small Cap 600 Index measures the small cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The Morningstar Small Cap Total Return Index tracks the performance of U.S. small-cap stocks that fall between 90th and 97th percentile in market capitalization of the investable universe. ***It is not possible to invest directly in an index.***

The Palm Valley Capital Fund is distributed by Quasar Distributors, LLC.

Definitions:

American Depositary Receipt (ADR): A certificate issued by a bank representing shares in a foreign company traded on a local stock exchange.
Basis point: One hundredth of a percentage point (0.01%).
Blockchain: A system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network.
CAPE Shiller P/E: The cyclically adjusted price-to-earnings ratio is a valuation measure usually applied to the US S&P 500. It is defined as price divided by the average of ten years of earnings, adjusted for inflation.
Combined Ratio: For insurance companies, the sum of incurred losses and expenses divided by earned premiums.
CPI (Consumer Price Index): A measure that examines the weighted average of prices of a basket of consumer goods and services.
Cryptocurrency: A digital currency in which transactions are verified and records maintained by a decentralized system using cryptography.
Free Cash Flow: Free Cash Flow equals Cash from Operating Activities minus Capital Expenditures.
Median EV/EBIT: EV/EBIT represents the Enterprise Value of a company (Market Capitalization – Cash + Debt) divided by its trailing twelve-month Earnings Before Interest and Taxes (i.e. operating income). The Median EV/EBIT of the Russell 2000 represents the middle EV/EBIT value when the ratios of all companies are ranked from smallest to largest.
NAV: Net Asset Value is the value of an entity's assets minus its liabilities.
Penny stock: Stocks with a low dollar value share price, typically either below $5 or $1 per share.
P/E Ratio: A stock's price divided by its earnings per share.
Put options: An option to sell assets at a certain price before a particular date.
Tangible book value: Shareholders' equity, or total assets excluding goodwill and other intangibles minus total liabilities.
Russell 2000: The Russell 2000 Index is an American small-cap stock market index based on the market capitalizations of the bottom 2,000 companies in the Russell 3000 Index.
S&P 500: The Standard & Poor's 500 is an American stock market index based on the market capitalizations of 500 large companies.
Short squeeze: A rapid increase in the price of a stock with high short interest (bets that a stock will drop in price) that causes short sellers to cover (buy back) their position and creates more upward pressure on the share price.